



DEPUTY SECRETARY OF DEFENSE

1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010



JUN 8 2001

Honorable Carl Levin
Chairman, Committee on Armed Services
United States Senate
Washington, DC 20510-6050

Dear Mr. Chairman:

Section 921(b) of the FY 2000 National Defense Authorization Act (NDAA) requires the Department to submit a report providing:

- The Secretary's assessment of the manner in which Major Headquarters Activities (MHA) are specified in Title 10, United States Code;
- The FY 1999 baseline number in effect for the purposes of that section; and
- The effect of mandated reductions on the Department's headquarters activities.

The enclosed report details the steps the Department has taken to refine our methods of accounting fully and accurately for major headquarters activity (MHA) personnel. These efforts have resulted in a revised FY 1999 baseline number of 63,786 MHA personnel, an increase of 15,537 (32 percent) to the number counted under the preceding definition. I believe the revised definition represents a more complete count of those Department of Defense employees conducting MHA functions. Moreover, the Department has taken significant steps to increase the accuracy of our count of headquarters personnel.

The report also states that meeting mandated reductions would require cuts beyond those currently planned. An additional 6,901 positions would have to be eliminated to achieve the 15 percent reduction mandated in the FY 2000 NDAA. Should the Secretary exercise the flexibility provision included in the FY 2001 NDAA, achieving the revised reduction of 7.5 percent would necessitate eliminating 2,117 MHA positions more than currently-programmed cuts by the end of FY 2002.

As you know, the Department is conducting reviews across a broad array of issues. A principal objective of these studies is to improve the tooth-to-tail ratio, in part by reducing the number of support personnel. With the assistance of the Committee, we are hopeful future budgets will reflect these changes.

Sincerely,

Enclosure:
As stated

cc: Honorable John Warner
Ranking Democrat

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DEPUTY SECRETARY OF DEFENSE

1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010



JUN 8 2001

Honorable Bob Stump
Chairman, Committee on Armed Services
United States House of Representatives
Washington, DC 20515

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Sincerely,

Enclosure:
As stated

cc: Honorable Ike Skelton
Ranking Democrat

U08159 /01

Report on Major Department of Defense Headquarters Activities

Pursuant to Section 921(b) of the Fiscal Year 2000 National Defense Authorization Act

INTRODUCTION

This report is submitted in accordance with Section 921(b) of the Fiscal Year 2000 National Defense Authorization Act (NDAA). The Act requires the Secretary of Defense to provide Congress:

- The Secretary's assessment of the manner in which major headquarters activities are specified in subsection (d) of section 130a of Title 10, United States Code as amended by subsection (a). This specification is reflected in revised DoD Directive 5100.73, issued on May 13, 1999;
- A baseline number of major headquarters activities personnel¹ in effect for purposes of that section; and
- Any effect of the reductions required by that section on the Departments various headquarters activities.

DoD Directive 5100.73 establishes a system to identify and manage the number and size of Major Headquarters Activities (MHA) in the Department of Defense. It states that Major Headquarters Activities include those organizations and personnel whose primary mission is to manage or command the programs and operations of the Department of Defense, the DoD Components, and their major military units, organizations, or agencies.

Section 921 (a) of the Fiscal Year 2000 NDAA amended title 10, United States Code, to limit the number of Major Headquarters Activities

¹ Section 921 (a) defines Major Headquarters Activity personnel to include civilian and military personnel of the Department of Defense who are assigned to, or employed in, functions in major headquarters activities.

personnel in the Department on October 1, 2002 to not more than 85 percent of a baseline number, which is defined by the Act as the number of MHA personnel in DoD as of October 1, 1999.^{2,3} Title 10, as amended, further limits major headquarters personnel in the Department not to exceed 95 percent of the baseline number by October 1, 2000, and not to exceed 90 percent of the baseline number by October 1, 2001.

Section 941 (g) of the Fiscal Year 2001 NDAA further amended title 10, United States Code, to modify these limits. Section 130a of title 10, as amended, permits the Secretary of Defense to waive the requirement for October 1, 2000, and to alter the maximum levels for the next two years to 92.5 percent of the baseline. To invoke these modified limits, the Secretary must certify that the original limits would adversely affect the national security of the United States.

The baseline level of personnel working on staffs and performing functions covered by these requirements comprises 63,786 civilian and military personnel – 2.1 percent of total DoD personnel.⁴ These headquarters staffs fall into four broad categories:

- (a) The Office of the Secretary of Defense (OSD), the Joint Staff, and the headquarters elements of the Defense Agencies, DoD Field Activities, and the Office of the DoD Inspector General;
- (b) Military Department headquarters down to and including the headquarters of all major commands and their equivalent;
- (c) Headquarters of operational military forces, including the headquarters of the Combatant Commands, the primary Component Command headquarters of the Military Services within the Combatant Commands, and the headquarters of the Navy Type Commands and Fleet Marine Forces; and
- (d) Direct Reporting Units, Field Activities and Agencies, or other organizations reporting to a headquarters listed above that provide direct support integral to the operation of the headquarters or a staff element of the headquarters.

² 10 U.S.C. §130a(f) places a limitation on reassignment of functions in carrying out the reductions in the number of personnel assigned to, or employed in, major headquarters activities in order to comply with this section. The Secretary of Defense and the Secretaries of the Military Departments may not reassign functions to evade the requirements of this section.

³ This report uses Fiscal Year 1999 authorizations to represent the level of MHA staffing on October 1, 1999.

⁴ This includes active, reserve and civilian personnel. MHA personnel were 2.9 percent of full-time military and civilian personnel in Fiscal Year 1999.

Figure 1 shows the distribution of personnel among major headquarters activity functions. The largest portion, 40 percent, is directly associated with the combat chain of command. The Joint Staff is two percent of the MHA total. The direct management of warfighters, by the CINCs (including Special Operations Command) and the Service component Combatant Commands, accounts for 38 percent of DoD's major headquarters activities. A quarter are on Service or Military Department staffs or are associated with the Office of the Secretary of Defense. Management of Service functional commands that are responsible for performing the training, manning, and equipping activities of the Services accounts for a bit less than another quarter. Management of the Defense Agencies and DoD Field Activities that largely aid in these functions makes up 11 percent.⁵

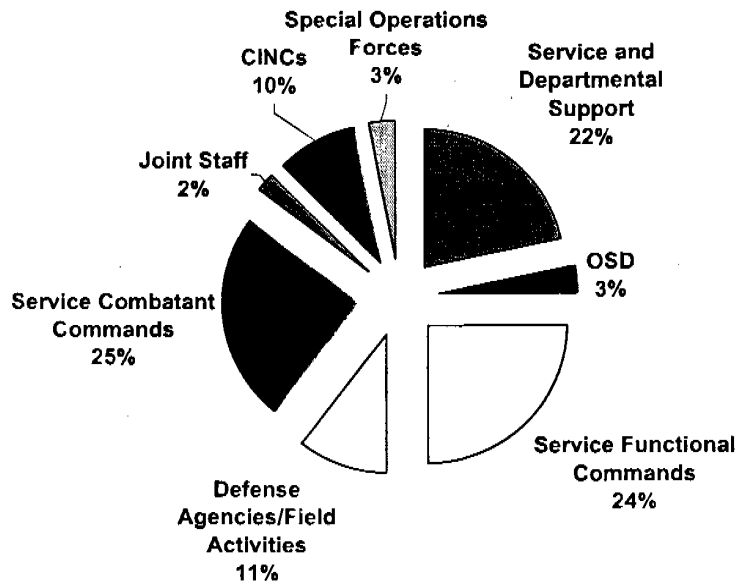


Figure 1. Distribution of MHA Personnel, Fiscal Year 2001

The 40 percent figure associated with the combat chain of command understates the role of Major Headquarters Activities in directly supporting the warfighter. Some of the Defense Agencies and Service functional commands play major roles in providing logistical support to deployed forces.

⁵ The data used here reflect projections as of December 2000. There may be minor changes by the time the Fiscal Year 2002 budget is submitted to Congress.

The Department of Defense is continuing the vigorous transformation of its business processes, pursuing commercial alternatives, consolidating redundant functions, and streamlining organizations. This transformation involves adaptation of management techniques, and the business practices and processes of world-class private sector leaders to change the way the Department does business. Initiatives in such diverse areas as financial management and accounting, electronic commerce, incorporating dual use technologies early in the acquisition process, logistics transformation, streamlining the operating cost and size of infrastructure, and competitive sourcing have been implemented.

The Department of Defense report, *DoD Headquarters Staff Reductions: Strategy and Plan*,⁶ summarized DoD's approach to headquarters reductions. It showed that the Department's current plans build upon more than a decade of effort to realign and downsize headquarters. By Fiscal Year 2002, headquarters staffs will be reduced by 34 percent from Fiscal Year 1989 levels.⁷ During the same period the DoD budget will have fallen by 26 percent. In other words, greater reductions have been taken in personnel involved in major headquarters activities than in the Department as a whole.

Table 1 shows that the Military Departments planned for the largest reductions in MHA staffing. It is also noteworthy that the Joint Staff and Defense Agencies/Field Activities intended to decrease their MHA staff levels appreciably, despite increasing responsibilities.

A second report, *Revision of Defense Headquarters Directive 5100.73: Status Report to Congress*, discussed the genesis and content of the revised Directive.⁸ The revised DoD Directive 5100.73 establishes a system to identify and manage the number and size of major headquarters activities in DoD. This report addresses the Department's experience with the new

⁶ Pursuant to Section 911 (b) of the Fiscal Year 1998 Defense Authorization Act (P.L. 105 – 85) and Section 932 of the Fiscal Year 1999 Defense Authorization Act (P.L. 105 – 261). Section 911 (b) of the Fiscal Year 1998 Defense Authorization Act required the Secretary of Defense to provide Congress a plan to achieve the major headquarters activities personnel reductions stipulated in section 130a of Title 10, United States Code (USC) – namely, a reduction of DoD headquarters staffs by five percent each year from Fiscal Year 1998 through Fiscal Year 2002.

⁷ This comparison is based on the definition of MHA that preceded the revision to DoD Directive 5100.73, since data consistent with the revised definition are not available for the period before Fiscal Year 1999. Wherever possible in this report the revised, broader, definition is used, but it does not permit as long a perspective as is provided in Table 1.

⁸ Pursuant to Section 911 (b)(2) of the Fiscal Year 1998 Defense Authorization Act (P.L. 105-85) and Section 932 of the Fiscal Year 1999 Defense Authorization Act (P.L. 105-261).

Directive. It discusses the process of conforming to the new definition of MHA and the results of that process.

Table 1. Changes in MHA Staffing, Fiscal Year 1989 to Fiscal Year 2002⁹

	FY 1989	FY 2002	Reduction
Military Departments			
Army	18,788	10,046	47%
Navy	15,070	9,621	36%
Air Force	20,379	11,405	44%
Military Department Total	54,237	31,072	43%
Defense-Wide			
OSD	2,645	2,007	24%
Joint Staff	1,603	1,298	19%
CINCs	4,949	4,831	2%
SOCOM	0	1,784	n/a
International Headquarters	3,859	2,726	29%
Defense Agencies/Field Activities	5,482	4,364	20%
Defense-Wide Total	18,538	17,010	8%
DoD Grand Total	72,775	48,082	34%

The next section describes the Department's appraisal of the new Directive's approach to accounting for major headquarters activity. It also summarizes the processes used by those organizations within DoD with the major share of personnel engaged in major headquarters activities (i.e., the military Services, OSD, CINC HQs, Joint Staff, and the largest Defense Agencies), to conform to the guidance of the new Directive. Following that section, the report presents the MHA personnel baseline for 1 October 1999 based on the new Directive, the level of MHA personnel on 1 October 2000, and projected personnel levels for the next three years. The final four sections of the report provide a discussion of the sources of increased MHA burdens, a summary of efforts to improve the efficiency of (rationalize) headquarters activities and downsize MHA personnel levels, an analysis of how aggregate MHA workloads varied during and since the drawdown, and the potential impact of additional MHA personnel reductions.

The thrust of this report emphasizes that DoD fully supports comprehensive reporting of major headquarters activity and that the revised Directive is the vehicle for accomplishing this. The Department's leadership has systematically sought to reduce MHA consistent with

⁹ These numbers relate to the previous definition of MHA.

reductions in the overall size of the Department. This has involved a continuing effort to identify and implement more efficient ways of managing departmental activity.

ASSESSMENT OF SPECIFICATION OF MAJOR HEADQUARTERS ACTIVITIES

Background

Historically, DoD has reported major headquarters activities using a paradigm based heavily on organizational structure. People who worked in designated headquarters organizations counted; others did not. In some cases, the designation of an organization depended on a detailed analysis of what proportion of its effort was devoted to headquarters activity.

Congress has continually expressed concerns over the accuracy and reliability of DoD's reported data on management headquarters and headquarters support personnel and costs. A 1997 GAO report¹⁰ concluded that DoD consistently under-reported the number of personnel engaged in management headquarters activities. Of specific concern was that the data did not include personnel at most of DoD's noncombatant organizations that are subordinate to management headquarters but perform a wide variety of direct staff support functions for their parent organizations. The GAO's audit of 40 selected organizations that were subordinate to management headquarters activities found that nearly 75 percent were performing management headquarters functions.¹¹ Further, the budget exhibit for the Fiscal Year 1998 President's Budget on Defense-wide activities had inadvertently omitted management headquarters personnel costs for five Defense Agencies. As a result, the GAO concluded that neither DoD nor the Congress could definitively determine trends in headquarters personnel that could help the Secretary or Congress make informed decisions about the appropriate size of headquarters or where best to allocate scarce resources.

¹⁰ NSAID-98-25, Defense Headquarters: Total Personnel Costs Are Higher Than Reported to Congress, October 30, 1997.

¹¹ While this analysis was accurate, it was not representative. Quite reasonably, GAO purposely set out to examine organizations it felt was likely to be performing MHA functions. Thus, the 75 percent figure is likely to overestimate the general percentage of DoD organizations that were under-reporting. That said, the GAO analysis played a significant role in helping the Department identify MHA organizations during its own internal reviews.

The GAO report attributed the under-reporting of headquarters personnel and costs to a number of causes. These included lack of oversight, incentives to “hide” management headquarters personnel to avoid mandated personnel reductions, and the lack of clearly defined criteria for determining whether organizations should be included in the budget exhibits on management headquarters. The criteria for analyzing organizations in the existing Directive were too complicated to ensure their uniform application. The existing guidance also led DoD officials to believe they were only required to report personnel who make policy, allocate resources, or plan for the future. People in organizations providing direct staff support or in direct reporting units performing management headquarters functions for the parent organization were often not reported.

GAO concluded that the Department should clarify its Directive for reporting management headquarters costs and personnel to Congress. Recommended changes included a simpler definition that would include more organizations and that would eliminate the need for complicated analyses of organizational work efforts. GAO also recommended that the new Directive include all personnel assigned to all organizations subordinate to DoD management headquarters, including field operating activities, direct reporting units, and similar organizations that support their parent headquarters.

GAO’s conclusions and recommendations were consistent with the objectives of the 1997 Defense Reform Initiative (DRI) – to provide for complete reporting of personnel and costs of activities wherever they reside. These criteria pertain to major headquarters activities, as well as to all other kinds of organizations that provide infrastructure support to the warfighter.

Revised directive

In September 1997, the Director of Administration and Management (DA&M) for OSD established a Working Group on Management Headquarters to revise DoD Directive 5100.73.¹²

Consistent with GAO’s observations, the Working Group found that DoD Components often do not accurately report headquarters personnel in field operating activities and other direct reporting units. As GAO reported, the combination of criteria requiring a complex analysis, uncertainties and gray

¹² Subsequent legislation, Section 912 (b)(2) of the Fiscal Year 1998 National Defense Authorization Act (P.L. 105-85), required the Secretary to provide recommendations regarding Directive 5100.73.

areas in reporting requirements, and limited oversight were causing inconsistencies and gaps in reporting. Definitions of headquarters functions also were not consistently followed across various offices and agencies, resulting in significant numbers of the DoD Components' staff personnel who were performing headquarters-related activities and direct support being omitted from official counts.

The revised DoD Directive 5100.73 specifies additional organizations as MHA. These are organizations that exist to support major headquarters in performing headquarters functions. At the same time, a functional dimension to the definition of major headquarters activity is retained. Individuals in organizations designated as entirely MHA still count, but, in addition, people in other specified organizations who are engaged in tasks defined as major headquarters activities are also included. These tasks include:

- Developing and issuing policies and providing policy guidance;
- Reviewing and evaluating program performance;
- Allocating and distributing resources;
- Conducting mid- and long-range planning, programming, and budgeting;
- Overseeing, directing, and controlling planning for the employment of global or theater-level U.S. military forces;
- Providing professional, technical, administrative, or logistic support that is essential to the performance of major headquarters activity.

In revising the Directive, the Working Group focused on incorporating policy and guidance that would increase uniformity and consistency in counting headquarters personnel, improve visibility of the numbers and costs of these personnel, and strengthen oversight. The revised Directive includes the following new or strengthened provisions:

- Uniform coverage of major headquarters. The Directive specifically identifies (in Enclosure 2 of the Directive) all major management and command headquarters to be covered. It will allow for the incorporation of results of periodic reviews and adjustments to ensure accurate and uniform reporting and to accommodate changes in organizational structure, missions, or responsibilities, while not requiring a revision to the basic directive.

- Comprehensive coverage of activities supporting and reporting directly to a major headquarters activity identified in the Directive. This includes field operating agencies and direct reporting units.
- Functionally oriented rules for counting major headquarters activities personnel. All individuals within direct reporting units who perform defined MHA are included in the total headquarters personnel count. Enclosure 1 of the Directive lists 33 functional areas that should be considered major headquarters activity functions. In most cases, only management of the functional area or performance of tasks directly for major headquarters is considered major headquarters activity.
- Improved visibility of headquarters personnel and costs in the Future Years Defense Program (FYDP) and the PB-22 exhibits to help DoD managers track trends in headquarters personnel and costs to changing missions and responsibilities.¹³ Separate reporting is required for combatant headquarters and management headquarters. The Combatant Commands, Defense-wide managerial commands, and each of the Military Departments will provide separate budget exhibits.
- The DoD Inspector General will periodically review and report on compliance with the Directive and provide audit policy direction to the DoD Components on the implementation of the Directive's established policy and criteria.
- Heads of DoD Components will designate a single office to implement the guidance and coordinate matters regarding the control of the number and size of management headquarters activities.

The purpose of the revisions to DoD Directive 5100.73 is to ensure that people engaged in headquarters functions are so identified, while those who are involved in operational activities are not reflected.

It is difficult, however, to avoid some ambiguity. One reason for this is the intermingling of management and operational functions at many organizations, some of which have been designated as major headquarters activities. In cases where counting a particular organization in its entirety would have seriously overstated the number of people involved in major DoD headquarters activities, additional reviews of individual offices and

¹³ The PB-22 exhibit is submitted to Congress every year and shows the number of military and civilian personnel engaged in major headquarters activities at various organizations.

directorates missions and functions were done by the individual components.

The DoD Working Group has spent the past year identifying cases of ambiguity and arriving at agreed-upon treatments that can be implemented across the Services. Because MHA is constantly reviewed and monitored through the budget process, additional cases may arise, possibly requiring further adjustments in the future. Any such adjustments will be within the framework established by revised DoD Directive 5100.73.

DoD major headquarters activities handbook

The Department is continuing vigorous transformation of its operations, processes, and systems, which will include the continual reengineering of major headquarters activities and their subordinate organizations. DoD will prepare a handbook to ensure that the provisions of the new Directive are interpreted properly and applied consistently among the DoD Components as doctrinal concepts and organizational structures evolve. The handbook is intended to minimize misinterpretations, ensure consistency, and provide continuing clarification of policy; it is also intended to provide answers to questions regarding the implementation of the Directive. It will contain guidance, including identification of "red flags" that indicate an organization is providing major headquarters activity support, a list of the most common mistakes in making MHA determinations, and a discussion of areas in which proper quantification of major headquarters activities may require particular care. The handbook is targeted for completion by summer of 2001.

Implementing the directive

MHA Working Group

The Office of the Secretary of Defense (OSD) established the MHA Implementation Working Group in October 1999 under the cognizance of the Director, Administration and Management. Its primary objective was to ensure proper implementation of the new Directive and to review direct reporting units, field activities, and agencies to ensure an accurate accounting of the DoD Components' headquarters personnel and costs.

The Working Group, chaired by a representative of the Director of Administration and Management, consists of representatives from OUSD (Comptroller), OUSD (Personnel & Readiness), Director, Program Analysis & Evaluation, the Military Departments, and Joint Staff.

The task of the Working Group is to ensure accurate reporting of management headquarters activities through proper implementation of the revised Directive. This has involved determining the need for corrections in the DoD Component budget submissions and making appropriate recommendations to the Director of Administration and Management. In doing so, the Working Group has considered the following:

- Whether comparable activities are accounting for similar functions in the same manner.
- Across Services, whether the changes in the number of MHA personnel reported due to the application of the revised Directive 5100.73 are proportionate for activities in the same organizational category. Also, how many and what proportion of the direct reporting units and similar activities were identified as MHA under the revised Directive. One aspect of this is understanding the effect of organizational and managerial differences on the reporting of MHA across the Military Departments.
- Whether there are systemic errors in the MHA determination and reporting process that need to be corrected.

The representatives of the Working Group performed in-depth reviews of implementation of DoD Directive 5100.73 throughout the Department. Where necessary, additional information such as functional descriptions, mission statements, and position descriptions were reviewed. Using the data provided by the components, the Working Group reviewed any questions, problems, and issues that were identified during the conduct of the implementation process. The review processes undertaken by the Services, Joint Staff, CINCs, and Defense Agencies will be described in more detail in the next section of this report.

The Working Group is continuing its efforts to improve implementation of the revised MHA Directive 5100.73. This process will look at the implementation of the revised Directive, and is intended to identify and fix problems that were not addressed initially.

Organizational Review Processes

The Department of the Army

In November 1999, the Vice Chief of Staff of the Army and the Under Secretary of the Army co-signed a Charter for Redesigning the Institutional Army. Included in this Charter was the requirement to conduct five institutional Army Functional Area Analyses (FAAs), including one for

headquarters management. One purpose of the Army FAA on management headquarters was to strengthen the implementation of the new DoD Directive 5100.73. The FAA was conducted by a team under the direction of Assistant Secretary of the Army, Manpower and Reserve Affairs (ASA (M&RA)). The Army Institutional MHA FAA was designed to validate and determine MHA functions and size across the Army.

The FAA was conducted from January through May of 2000. The Army's review process began with each Command conducting an internal evaluation to determine which of their operations were or were not management headquarters, using the revised DoD Directive 5100.73. The FAA study group surveyed the relevant legal, regulatory, and doctrinal documents that reflect the size, responsibilities, and/or organizational structure of MACOM Headquarters. The FAA team performed a detailed and extensive review of headquarters activities across the entire Army.

In the course of the study, the FAA conducted on-site assessments and reviewed the manpower resourcing levels of the headquarters and their missions and responsibilities. The FAA team informed the headquarters, direct reporting units, and field operating units of the activities that would be included as MHA, assessed the impact of reductions at each of the headquarters, and determined policy and procedural changes to improve headquarters functions and organizations. The on-site visits were important, as the Army had not recently assessed, validated, and determined the size, missions, and responsibilities of the management headquarters activities in Army organizations.

A major finding of the Army's FAA was that reduction or restructuring of MACOM Headquarters should be undertaken only after careful consideration of their missions, responsibilities, relationships to higher, parallel, and subordinate organizations, and of the second- and third-order effects of such actions. The FAA concluded that past unilateral reductions, without due regard for these factors, have created headquarters organizations that are as overworked as Army units and soldiers in the operational forces (a major source of concern to the Army leadership). The structures of headquarters organizations often do not provide the requisite staffs to assist and support the commanders with the range of responsibilities they have in today's national security environment.

The FAA also reported that there are cases in which operational missions and MHA duties and responsibilities are closely intertwined in the same organization. The Army provided examples of organizations formed expressly for the conduct of military operations that also perform some

MHA functions and are entirely included in the tally of MHA personnel, e.g., Headquarters Eighth Army, the Component Command to the sub-unified command of U.S. Forces Korea. It also identified instances where a major headquarters is providing operational support, such as Headquarters U.S. Army Europe fulfilling the function of a budget office for Army forces deployed to Bosnia.

The Department of the Navy

The revised Department of Defense Directive 5100.73 required each DoD Component to conduct a review of direct reporting units (DRU), field activities and agencies, or other organizations reporting to a Major DoD Headquarters Activity (MHA), and identify those organizations, or constituent elements, that provide direct support integral to the operation of a MHA, or a staff element of the headquarters.

To conform to the revised directive and ensure consistency in reporting across the Department of the Navy (DoN), a senior-level working group was established by the Office of the Assistant Secretary of the Navy for Financial Management and Comptroller to perform a comprehensive review of each major command's organizations, including DRUs. The working group was composed of senior Navy officials, including representatives from the major commands responsible for implementing the revised Directive 5100.73.

The working group used the results of a recently completed extensive MHA data collection effort for the House Survey and Investigation Staff as its starting point,¹⁴ and then requested a detailed description of the following for each DRU: mission and functions performed, total number of personnel (military end strength and civilian full-time equivalents), number of personnel reported as Major DoD Headquarters, and justification/rationale for inclusion or exclusion of the activity from Major DoD Headquarters reporting. The information requested was to be submitted using a standard Direct Reporting Units template with a separate template for each activity. Flag Officer or Senior Executive Service signature certifying the accuracy of submitted information on the Direct Reporting Units Template was required.

Completed DRU templates were forwarded by each major command to the Office of the Assistant Secretary of the Navy (Financial Management and Comptroller) for review. The input received formed the basis of the

¹⁴ This effort continued for months. The Survey and Investigation Staff was briefed in September 1999.

Department of Navy's revised Major DOD Headquarters baseline. Accordingly, the revised baseline was reviewed and discussed by the DoN MHA working group to ensure consistency in reporting within each major command and across the Department.

After the review of the Direct Reporting Units' templates was completed by the DoN working group, the Department of the Navy sent out a memorandum to the major commands directing the inclusion of several activities that had been excluded from the MHA count but appeared to meet the definition of MHA personnel provided in the revised DoD Directive 5100.73. These activities were to be included in the major commands' PB-22 (Major DoD Headquarters Activities) submission in their entirety, unless adequate justification to partially or fully exclude them was provided. In addition, major commands were directed to identify any other DRUs not listed in the memorandum or previously reported that now warranted inclusion, based on the findings of the DoN MHA working group.

Major commands were requested to submit a PB-22 Budget exhibit, using the revised Directive, that reflected MHA personnel as of the Fiscal Year 2001 OSD budget submission and the impact of the DRU review.

The Navy's review illuminated an issue requiring careful interpretation of the Directive. Section 4.1.2 defines Service headquarters of major commands, and their equivalent, as major headquarters activities, and Section 5.2 says that organizations that fall within 4.1.1 to 4.1.3 should be counted in their entirety. Yet the Services do not use the term "major command" consistently; indeed, the Navy does not use it at all. A concern identified by the Navy is that some organizations that might appear to an outside observer to be a "major command or equivalent" contain significant numbers of people who do not perform major headquarters functions, e.g., the Navy's Systems Command headquarters. The Navy treated such organizations under the provisions of Section 4.1.4, counted only individuals performing major headquarters functions, and identified these organizations with an asterisk in Enclosure 2 to the Directive. The Working Group endorsed this treatment.

The Department of the Air Force

The Air Force started a broad review of all Field Operating Agencies (FOAs) and Direct Reporting Units (DRUs) on 8 September 1998, recognizing that considerable time would be needed to complete such an undertaking. The review was started as soon as the Air Force recognized that a new DoD Directive would be published that would change the basis of MHA identification, anticipating publication of the new Directive in January 1999. The MHA review looked at 37 FOAs and five DRUs associated with Headquarters US Air Force, and 105 FOAs associated with nine Major Commands (MAJCOMs). Internal Air Force papers documenting over 42,000 authorizations were surveyed between September 1998 and January 1999. Survey documentation included mission statements as well as identification of the number of MHA personnel in each organization. The review continued through the summer of 2000.

An important issue raised by the Air Force review is that similar-sounding organizations in different MAJCOMs may have very different MHA roles. This includes organizations devoted to civil engineering, training support, and intelligence, among others. Task assignment to subordinate organizations is at the discretion of MAJCOM commanders. While one MAJCOM may have a FOA performing specific management tasks, another MAJCOM may have retained some of those tasks within its headquarters staff. Thus, while FOA functions, names, and labels may appear to be similar, the MHA functions residing at a specific organization can be dissimilar across MAJCOMs. The Air Force has based its MHA accounting on an examination of the specific duties performed at individual organizations.

Joint Staff and Unified Combatant Commands

The Joint Chiefs of Staff Directorate for Manpower and Personnel (J-1) hosted a conference attended by all the Unified Command J-1 manpower representatives in June 1999 to review all positions within these organizations against the criteria in the new MHA Directive. This included Direct Reporting Units (DRUs), Field Activities and Agencies, Operating Activities, Staff Support Activities and Agencies, and other organizations reporting to these headquarters identified in Enclosure 2 of the Directive. The decisions on management headquarters made by the Joint Staff J-1 are the following:

- All Joint Staff positions (billets) count as MHA.

- All positions within a Combatant Command headquarters, e.g. CINCs, count as MHA.
- All international headquarters positions, e.g., NATO, NORAD, UN Command/Combined Forces Command, etc., are excluded from the MHA totals. This is due to the fact that these personnel are meeting international commitments, and are beyond the immediate control of the Department of Defense (as those commitments are entered into at the Presidential level).
- Due to their operational nature, Theater Special Operations Centers and Intelligence Centers are excluded from the MHA.
- Specific products and services, e.g., technical/operating type services that are provided for DoD Components on a command-wide basis, are excluded from MHA. This is because only a minor portion of their workload derives from the need to support major headquarters activities.
- Host Base Operating Support (BOS), if provided by a military Service, are excluded from MHA. Direct support positions count as MHA positions. BOS personnel are excluded because they would be needed to maintain the facility even if the major headquarters activities using it were moved elsewhere.

Following the conference, the CINCs reviewed their direct support activities against the new Directive and recommended changes to their MHA totals. The Joint Staff J-1 reviewed the recommended changes to ensure conformity and consistency among the CINCs and incorporated these new MHA totals into the Fiscal Year 1999 MHA baseline.

Office of the Secretary of Defense

OSD did not have to revise its MHA total because its entire staff was counted under the prior DoD Directive 5100.73. The Defense Agencies and Field Activities that report to OSD were not in the same situation.

Defense Agencies and DoD Field Activities

Since the enactment of the Goldwater-Nichols DoD Reorganization Act and the Defense Management Review, there have been numerous changes in Defense Agencies. These include: 1) the establishment of new agencies and field activities to perform new, expanded, or modified missions; 2) consolidation of organizations and functions; 3) reducing unneeded infrastructure; and 4) initiation of defense reform to provide for more efficient, economical, and responsive supply and services.

The Department of Defense now has a total of 15 Defense Agencies that provide common support and services to the Military Departments, the Joint Staff, and other DoD Components.¹⁵ Defense Agencies accounted for approximately five percent of the total DoD military and civilian manpower in Fiscal Year 1999 and about eight percent of the total MHA personnel counted under the new DoD Directive 5100.73.

In response to the revised Directive, the Agencies established internal working groups or task forces to perform in-depth management headquarters reviews during Fiscal Year 1999. These reviews were not limited to agency headquarters, but included direct support organizations and constituent elements of larger organizations.

Some of the factors examined by each organization included its missions and functions, its organizational charter, and the organization from which it took direction. All of the agencies applied the following criteria to evaluate agency headquarters and organizations that may be providing direct support to major headquarters activities:

- Whether the nature of its work is covered by the definitions of MHA activities and functions in the Directive and Enclosure 1.
- Whether the organization performs corporate-level functions.
- Whether it receives direction from and directly supports major headquarters activity.

Some of the agencies, such as the Defense Logistics Agency (DLA) and Defense Finance and Accounting Service (DFAS), are still restructuring. This may well affect their projected MHA levels.

¹⁵ The five largest Defense Agencies, in terms of MHA personnel, are the Defense Logistics Agency, Defense Finance and Accounting Service, Defense Threat Reduction Agency, DoD Education Agency, and Defense Commissary Agency, together accounting for about 3,500 MHA personnel.

Institute for Defense Analyses (IDA) Review

After the Services, Joint Staff, CINCs, and Agencies completed their MHA reviews, OSD (DA&M) tasked IDA to support the Working Group on Management Headquarters by reviewing the results of the reviews. IDA was tasked specifically to do the following:

- Document changes in the number of MHA personnel reported in Fiscal Year 1999 and Fiscal Year 2000.
- Investigate whether comparable activities are accounting for similar functions in a similar fashion and ensure that personnel counts for Fiscal Year 2000 are consistent with the new DoD Directive 5100.73.
- Determine whether there are systemic errors, e.g., widespread misinterpretations of the new Directive that need to be corrected.
- Determine how many and what proportion of the Components' direct reporting units and similar activities have been identified as major headquarters activities due to application of the new Directive.

While IDA determined that the Military Departments had made a concerted effort to identify MHA functions not captured under previous DoD Directive 5100.73 guidelines, the review identified several areas of apparent inconsistency, both among the Services and with the revised Directive. These inconsistencies were reported to the Working Group and contributed to the adjustments noted below.

Adjustments

The Department adjusted the baseline MHA data to take advantage of the IDA review and of additional insights gained from interaction with the General Accounting Office. The adjustments included the following:

- Audit. All three Military Departments identified their respective audit agencies as MHAs. The Army, however, included only one of the Army Audit Agency's 667 personnel in its MHA count. In contrast, the Navy and the Air Force reported approximately six percent of their audit agencies' overall strength as MHA (28 of 489 personnel in the Naval Audit Service and 51 of 847 personnel in the Air Force Audit Agency). The Working Group determined that the Navy and the Air Force are correctly accounting for MHA audit program management functions and that the Army should be required to report comparable functions in its audit agency. This

increased the Army Audit Agency MHA count to 35 personnel, which is approximately five percent of the agency's overall strength.

- **Cost Analysis.** All three Military Departments identified their departmental-level cost analysis organizations as Management Headquarters Activities. The Air Force, however, only included one of the AF Cost Analysis Agency's 65 personnel in its MHA count. In contrast, the Army included all personnel in its Cost and Economic Analysis Center and the Navy included all of the personnel in the Naval Center for Cost Analysis as MHA, based on the fact that they are engaged in providing direct support essential to the operation of their respective departmental headquarters. The Working Group determined that the Army and Navy were correct in categorizing all of their cost analysis personnel as MHA and that the Air Force should be required to do the same. This increased the Air Force Cost Analysis Agency MHA count to 65 personnel.
- **Special Investigations.** All three Military Departments identified their investigative components as Major Headquarters Activities; however, the Navy included a significantly higher portion of its activity in its MHA count than did the other Military Departments. Twenty five percent (404 out of 1,617 personnel) of the Naval Criminal Investigative Service was counted as MHA, compared to approximately eight percent of the Army's Criminal Investigation Command (123 out of 1,554 personnel), and almost seven percent of the Air Force Office of Special Investigations (125 out of 1,902 personnel). The Naval Criminal Investigative Service and the Office of Special Investigations are direct reporting units of their respective departmental headquarters. The Criminal Investigation Command is a Major Command of the Army, and, thus, all the personnel in its headquarters were counted. During the Working Group's review of this issue, the Navy reported that they had reevaluated the functions performed by the Naval Criminal Investigative Service and determined that the MHA number should be reduced to 80, which is approximately five percent of the Command's total strength. This number includes personnel who have dual-hatted responsibilities to the Office of the Chief of Naval Operations and provide policy level OPNAV staff support in areas such as information security, personnel security, industrial security, and nuclear weapons personnel reliability. The remaining

324 personnel were determined to be providing non-MHA support to Navy field organizations in the areas of communications, computer investigations and operations, counter intelligence, criminal investigations, and information systems. The Working Group has recommended approval of this change, which decreased the Navy's MHA count by 324 personnel.

- Service Component Commands. DoD Directive 5100.73 designates the headquarters of the Military Service Component Commands within the Combatant Commands as Major Headquarters Activities and requires that their total strength be included in their parent Military Department's MHA count. The Air Force identified HQ Air Force Space Command, a component of the US Space Command, as a Major Headquarters Activity. However, it did not report HQ 14th Air Force, which is a component of the Air Force Space Command, or include its strength (90 personnel) in the Air Force MHA count, on the basis that it is primarily an operational headquarters. The Working Group confirmed that HQ Air Force Space Command is a Major Headquarters Activity, and also determined that HQ 14th Air Force performs Service Component Command-type functions for the US Space Command and should also be designated as a Major Headquarters Activity. This increased the Air Force MHA count by 90 personnel.
- Correction of Records. The Navy identified the Board for the Correction of Naval Records as a Major Headquarters Activity and included its strength (30 personnel) in the Navy's MHA count on the basis that it is a direct reporting unit of the Navy Secretariat. The Army and Air Force did not include their departmental-level organizations performing analogous functions in their MHA counts. The Working Group determined that the functions performed by all of these organizations are primarily operational in nature and that they focus on supporting their respective Military Department as a whole, not their Service Secretariat or Staff. Accordingly, they concluded that the Board for the Correction of Naval Records should not be designated as a Major Headquarters Activity. This decreased the Navy MHA count by 30 personnel.
- National Guard Readiness Centers. The Army identified the Army National Guard Readiness Center as a Major Headquarters Activity and included 368 of its personnel in the Army's MHA

count on the basis that the organization performed departmental-level policy and managerial functions relating to the Army National Guard. The Air Force did not include the Air Force National Guard Readiness Center, which performs similar functions, in its MHA count. The Working Group determined that the two organizations are analogous, that they both perform MHA functions, and that the Air Force National Guard Readiness Center should be designated as a Major Headquarters Activity. The Air Force now designates 376 personnel at the Air National Guard Readiness Center as engaged in major headquarters activity.

- **Civilian Personnel Management.** The Army and the Navy both identified their departmental-level civilian personnel organizations as Management Headquarters Activities; however, the Army included a significantly smaller number of personnel in its MHA count than did the other Military Departments. Twenty five of the 189 personnel in the Army Civilian Personnel Field Agency (13 percent) were included in the MHA count, while the Navy included all 153 personnel (100 percent) in its Human Resources Operations Center. The Air Force did not identify a comparable organization in its baseline submission. The Working Group determined that the Navy was correctly accounting for its MHA civilian personnel functions and that the Army should report comparable functions in its Civilian Personnel Field Activity. This increased the Army Civilian Personnel Field Activity MHA count to 178 personnel. The Working Group also determined that the absence of a comparable organization in the Air Force is due to the fact that its civilian personnel MHA functions are organized differently. Air Force MHA civilian personnel functions are not centralized in a single organization, but are carried out by elements of the Air Staff, the headquarters of Air Force Major Commands, and the 11th Wing. As such, they are included in the Air Force MHA count for each of these organizations.
- **Operational Readiness Inspections.** The Navy identified the Atlantic Fleet and Pacific Fleet Nuclear Propulsion Examination Boards as Major Headquarters Activities and included their strength in the Navy's MHA count on the basis that they were direct reporting units of the CINCLANTFLT and CINCPACFLT staffs. Analogous inspection functions are not counted in the Army or the Air Force, nor are they counted elsewhere in the Navy. The

Working Group determined that the Nuclear Propulsion Examination Boards are responsible for conducting operational readiness inspections, which is not an MHA function under DoD Directive 5100.73, and that the Navy's Nuclear Propulsion Examination Boards should not be designated as Major Headquarters Activities. This decreased the Navy MHA count by 22 personnel.

- Foreign Military Sales Activities. The Navy identified its International Programs Office as a Major Headquarters Activity and included its strength (154 personnel) in the Navy's MHA count. The Army and Air Force did not identify comparable foreign military sales organizations. The Working Group determined that the absence of Army and Air Force foreign military sales organizations from their MHA count is due to the fact that these Military Departments have organized their foreign military sales MHA functions differently. The Navy has concentrated these functions in an International Programs Office, while analogous functions in the other Military Departments are performed in the Service Secretariats. Accordingly, the Army includes 23 FMS personnel in the Army Secretariat, while the Air Force includes 99 FMS personnel in Air Force Secretariat in their MHA count. The Working Group concluded that the Army and Air Force have correctly identified and reported foreign military sales MHA functions and personnel in their respective MHA baseline data. However, by reporting the entire strength of its International Programs Office, the Navy included 107 personnel performing non-MHA functions in its MHA count. To achieve functional comparability with the other Services, the Navy decreased its International Programs Office MHA count to 47 personnel.
- Construction Battalion Management. The Navy identified the Seabee Logistics Center as a Major Headquarters Activity and included its strength (407 personnel) in the Navy's MHA count because it is a direct reporting unit of HQ Naval Facilities Engineering Command, a Navy Major Headquarters Activity. The Army and Air Force did not include organizations performing analogous functions in their MHA count. The Working Group determined that the functions performed by organizations such as the Seabee Logistics Center are primarily operational in nature and focus on supporting the force, as opposed to the headquarters to

which they report. Accordingly, they concluded that the Seabee Logistics Center should not be designated as a Major Headquarters Activity. This decreased the Navy MHA count by 407 personnel.

The Assessment

The Fiscal Year 2000 National Defense Authorization Act requires an assessment of the way in which management headquarters activity is specified in the revised Directive 5100.73. Based on the material presented in this section, which recounts the genesis of the revised Directive, its content, its implementation, and its review, the Department's appraisal is as follows:

- The number of personnel involved in major headquarters activities has been understated in the past. The Department has significantly improved its efforts to count MHA personnel completely and accurately.
- The revised DoD Directive 5100.73 is the instrument the Department is using to guide this effort. Compliance with the Directive produces a far more accurate count than what was previously available.
- The Department and its constituent parts (the Military Departments, Joint Staff, Combatant Commands, and Defense Organizations) have made a major effort to implement the counting rules specified in the revised Directive and to assure their accuracy.
- The Department is engaged in a continuing effort to ensure accurate and uniform application of the rules and to examine incoming data for consistency. Congress should be aware that one result of this effort is that baseline and historical data may change from time to time as more accurate determinations are made. Full accounting and justification for such changes will be provided to the Congress when adjustments are made.
- Overall, DoD is pleased with the improved definition of major headquarters activity in the revised DoD Directive 5100.73, and with the careful efforts that have been made to implement it.

THE LEVEL OF MAJOR HEADQUARTERS ACTIVITY PERSONNEL

Section 921 (b) of the Fiscal Year 2000 National Defense Authorization Act amended title 10, United States Code to require the Department to

identify the baseline number of personnel employed in Major Headquarters Activities as of 1 October 1999. The amendment also required that this baseline number be based upon application of the newly reissued DoD Directive 5100.73, Major Department of Defense Headquarters Activities, May 13, 1999. This revised baseline is to be used to assess future Department MHA staffing levels. The new baseline derived from the definitions of major headquarters activity provided in the revised Directive now includes all personnel assigned to Combatant Commands that are subordinate to DoD management headquarters, all personnel providing direct staff support to a management headquarters, and all direct reporting units performing management headquarters functions for their parent management headquarters. This section of the report presents the baseline, using the expanded definition for MHA, and compares it to the level of MHA staffing derived from the earlier DoD Directive 5100.73. Thus it shows the impact of the revised directive on the calculation of MHA staffing levels.

This section also shows the planned changes in MHA staffing through Fiscal Year 2002. This provides information concerning the Department's efforts to comply with Congressional guidance concerning MHA staff reductions.

Finally, trends in MHA staffing are compared to changes in Departmental activity. These analyses address the extent to which the workload of personnel engaged in major headquarters activities has changed over time and the extent to which it is expected to vary in the near future.

The Revised Fiscal Year 1999 Baseline

Table 2 shows MHA staffing levels in Fiscal Year 1999, according to the criteria in both the revised and prior versions of Directive 5100.73.

The Fiscal Year 1999 baseline staffing level for major headquarters activities using the criteria of the revised directive is 63,786. This is an increase of 32 percent over the level calculated under the prior Directive 5100.73. The revision of the Directive led to 15,537 additional personnel being identified with MHA.

A disproportionate share of this increase was concentrated in the Military Departments. This is not surprising, because the biggest change in the Revised Directive 5100.73 involved including personnel performing MHA functions in FOAs, most of which are associated with the Military Departments.

Table 2. MHA Baseline (Fiscal Year 1999)¹⁶

	Prior Definition	Revised Definition
Military Departments		
Army	10,474	16,065
Navy	10,145	12,886
Air Force	12,530	17,325
Military Department Total	33,149	46,276
Defense-Wide		
OSD	2,007	2,007
Joint Staff	1,298	1,330
CINCS	5,011	5,894
SOCOM	1,843	1,804
Defense Agencies/Field Activities	4,941	6,475
Defense-Wide Total	15,100	17,510
DoD Grand Total	48,249	63,786

Trends from Fiscal Year 1999 to Fiscal Year 2003

As Table 3 shows, between Fiscal Years 1999 and 2003 the number of MHA personnel will fall by over 3,000, or 4.7 percent (4.2 percent by Fiscal Year 2002). This reduction is concentrated in the Military Departments, with major headquarters activities remaining almost unchanged in defense-wide activities. (Both OSD and the Joint Staff reduced their MHA staffs substantially before Fiscal Year 1999, OSD by 28 percent since Fiscal Year 1995.) The projected future reduction in the level of MHA staffing does not meet the requirement for a 15 percent reduction by 1 October 2002 specified in the Fiscal Year 2000 National Defense Authorization Act.

¹⁶ The data used here reflect the categorization of MHA personnel as of June 2001. There may be minor changes by the time the Fiscal Year 2002 budget is submitted to Congress. The revised DoD Directive 5100.73 no longer includes international headquarters in the tabulation of MHA personnel, so they are omitted here. They were included in Table 1 because the data there reflect the MHA definition in the prior DoD Directive 5100.73.

Table 3. Trends in Major Headquarters Activity¹⁷

	FY 99	FY 00	FY 01	FY 02	FY 03
Military Departments					
Army	16,065	15,587	15,515	15,460	15,449
Navy	12,886	12,364	12,222	12,107	11,980
Air Force	17,325	16,620	16,295	16,116	16,087
Military Department Total	46,276	44,571	44,032	43,683	43,516
Defense-Wide					
OSD	2,007	2,007	2,007	2,007	2,007
Joint Staff	1,330	1,326	1,313	1,295	1,275
CINCs	5,894	5,936	5,917	5,875	5,822
SOCCM	1,804	1,811	1,788	1,794	1,787
Defense Agencies/Field Activities	6,475	6,311	6,501	6,465	6,376
Defense-Wide Total	17,510	17,391	17,526	17,436	17,267
DoD Grand Total	63,786	61,962	61,558	61,119	60,783

It more closely approaches, but does not meet, the revised requirement contained in the Fiscal Year 2001 Act, should the Department exercise the Secretary's waiver authority provided by the Act. Much of the remainder of this report is devoted to placing these shortcomings in context. There are four key factors integral to understanding the Department's ongoing efforts to effectively and efficiently manage MHA:

- The management burden placed on parts of the Department, particularly the Joint Staff, CINCs, and Defense Agencies, has increased.
- The Department has already made extensive efforts to reduce and rationalize its use of MHA staff.
- In part as a result of the first two factors, the workload of MHA staff has increased relative to the scope of the managed activity.
- The implications of additional MHA staff reductions, beyond the levels currently planned, need to be examined in the context of the Department's overall strategy review and related efforts to reform management practices and structures.

¹⁷ The future data used here reflect the categorization of MHA personnel as of June 2001. There may be minor changes by the time the Fiscal Year 2002 budget is submitted to Congress.

INCREASED MAJOR HEADQUARTERS ACTIVITY WORKLOAD

There are important functional areas where workloads have increased despite the drawdown of forces and reductions in the defense budget. Generally, increases have resulted from such factors as the expansion of engagement activities; the new responsibilities placed on the Chairman of the Joint Chiefs of Staff (and thus on the Joint Staff); establishment of the Special Operations, Strategic, Joint Forces and Transportation Commands; and the emergence of new missions and the expansion of enduring missions relating to counter-terrorism, counter-drug, force protection, and information operations.¹⁸

Since the Goldwater-Nichols Act became effective in 1986, the roles and responsibilities of the Chairman of the Joint Chiefs of Staff (CJCS) have been greatly expanded.¹⁹ The additional roles include: (1) serving as Principal Military Adviser to the President, the National Security Council, and the Secretary of Defense; (2) responsibility for directing the Joint Staff; (3) development of fiscally-constrained strategy/forces; (4) preparing a Joint Military Net Assessment; (5) acting as spokesman for the regional and functional commanders in chief (CINCs); (6) overseeing activities of the CINCs for the National Command Authorities (NCA); (7) serving as a channel of communications between the NCA and the CINCs; (8) prioritizing requirements of the CINCs; (9) advising the Secretary of Defense on priorities of CINCs; (10) reviewing the programs proposed by the Services in the Program Objective Memoranda (POMs) to verify that the CINCs' requirements are being supported; and (11) assessing military requirements for acquisition programs. The Joint Staff must support all of these functions.

Another factor raising the workload of major headquarters staffs is the need to support the high rates of operational tempo that have characterized recent years. Not only has the U.S. become involved in more contingency operations than it did during the Cold War, but those operations have tended to last for longer periods of time. Coupled with declining force levels, these operational needs have led to more frequent, longer

¹⁸ U.S. Atlantic Command was renamed U.S. Joint Forces Command upon the assignment of additional responsibilities concerning joint experimentation.

¹⁹ The Goldwater-Nichols Act and the Blue Ribbon Commission on Defense Management (hereafter referred to as the Packard Commission) both came to fruition in 1986. The President directed implementation of most of the recommendations of the Packard Commission in National Security Decision Document 219 (NSDD 219) in mid-1986. Goldwater-Nichols became effective on 1 October 1986.

deployments for a greater proportion of the force. In addition, the wide range of non-traditional operations that U.S. forces have undertaken has led to the need to create ad hoc joint organizations tailored to the requirements of each contingency. Together, these factors have put an increased strain on staffs at Joint Military headquarters and at all other operational levels.

It must be remembered that major headquarters activity is not confined to Washington staff work. It includes leading U.S. forces in peacekeeping and combat. General Schwartzkopf and his Central Command staff during Desert Storm were engaged in major headquarters activity. The European Command staff led our forces during the war in Yugoslavia and continues to lead them in the Kosovo peacekeeping operation.

The impact of the robust operational tempo of the late 1990s is also not confined to Joint Military headquarters. U.S. Air Forces in Europe (USAFE) headquarters, for example, is a major headquarters activity. It directed the air operation in Yugoslavia that was waged by NATO in the spring and summer of 1999 to protect the people of Kosovo.

Indeed, personnel from major headquarters across the Air Force, not just in USAFE, supported NATO's Kosovo operations. Major headquarters personnel are often called upon to support and even deploy to contingency operations throughout the world, in peacetime or conflict. For example, major headquarters personnel have been supporting the Operations Northern Watch and Southern Watch peacekeeping operations for the last nine years over Iraq, as well as operations in the Balkans. During Operation Allied Force, over Kosovo, major headquarters personnel augmented forces already in theater, just as they will in future crises. Currently, the Air Force plans to assign designated major headquarters personnel to positions that will support the Air Force's Aerospace Expeditionary Force (AEF) concept. In fact, they will be designated by name for two-year periods and assigned to fill specific operations plan billets supporting AEF needs.

The Joint Staff

The Goldwater-Nichols Act and related reforms implementing the Packard Commission's recommendations greatly increased the responsibilities of the Joint Staff, as well as those of the Combatant Commanders. The Joint Staff has taken on a wide range of additional duties since Goldwater-Nichols shifted responsibility for providing military advice from the corporate Joint Chiefs of Staff to the Chairman. Table 4 provides some examples of the expanded activities of the Joint Staff.

TABLE 4. EXPANDED ACTIVITIES OF THE JOINT STAFF

- **1986**
 - J-7/J-8 activated in 1986-1987
 - Vice Chairman of Joint Chiefs of Staff established with authorized office staff of seven
- **1987**
 - Special Technical Operations established in J-3
 - Special Operations Division established in J-3
 - Medical Support established in J-4
 - Joint Officer Management Office established in J-1
 - Joint Education Division established in J-7
- **1989**
 - Counter Narcotics Operations Division in J-3
 - Arms Control in J-5
- **1993**
 - Conventional Arms Negotiation in J-5
 - Automated Information Security in Directorate of Management
- **1993**
 - CJCS established Joint Warfighting Center
- **1995**
 - Joint Warfighting Capability Assessment process introduced
- **1997**
 - Joint Deployment Division in J-4
 - Joint Battle Center and JTAMDO established as CJCS-controlled activities
 - JROC budget issues in support of CINCs
 - Support Agency Re-engineering and Assessment Division in J-8
 - Anti-Terrorism Deputy Directorate established in J-3

Goldwater-Nichols also established an additional core role for the Chairman: providing integrated military advice on joint force development. This role has added significant new activities to be discharged by the Joint Staff, including performing capability assessments on forces, preparing advice on CINC requirements and priorities, advising on Service programs and budgets, assessing requirements for acquisition programs, shaping joint military education and training, and managing Joint officers.

The role of the Chairman in joint force development has evolved significantly over the last decade. In 1990, the Chairman delineated the "Base Force," which established the force structure that served as the foundation for planning and programming. In the middle of the decade, the Joint Warfighting Capability Assessment process was introduced. This provided a mechanism for the Vice Chairman to engage the Joint Staff, Service staffs, OSD, and the CINCs in defining force development requirements and in setting overall programmatic priorities. In 1996, the Chairman took another major step in shaping force development when he

issued Joint Vision 2010 (recently revised as Joint Vision 2020). It provides the conceptual framework for how U.S. forces will fight in the future, and a mid-range vision for force development needs.

Today, the joint military staffs are heavily engaged in the Department's efforts to implement Joint Vision 2020 and the Revolution in Military Affairs. Consistent with Congressional direction, the Chairman and the Joint Staff have become involved in joint experimentation. Joint Forces Command (formerly U.S. Atlantic Command), as the designated lead agent, is developing an organization and plans to conduct a series of joint experiments. In keeping with the fundamental theme of the Defense Reform Initiative, these operational functions have been decentralized from the Joint Staff to an operationally focused Unified Command. Five activities previously controlled by the CJCS were transferred to the U.S. Joint Forces Command to support these responsibilities: the Joint Warfare Analysis Center, the Joint Command and Control Warfare Center, the Joint Warfighting Center, the Joint C4ISR Battle Center, and the Joint Communications Support Element.

Fulfilling these new responsibilities has placed major new demands on the Joint Staff as well as on the CINCs' staffs, entailing a number of organizational changes. The position of the Vice Chairman of the Joint Chiefs of Staff was established by the Goldwater-Nichols legislation to assist the Chairman in the exercise of his expanded responsibilities. The Vice Chairman assumed a major role in the area of Joint Force Development, chairing (for the Chairman) the Joint Requirements Oversight Council (JROC) and representing joint military requirements as a member of the Defense Acquisition Board.

Two new Joint Staff Directorates were also created: the Directorate for Operational Plans and Joint Force Development (J-7), and the Directorate for Force Structure, Resources, and Assessment (J-8). J-7 is responsible for comparing operational plans with Service capabilities to ensure the military Services have the doctrine and capabilities to fight as an integrated team. J-8 performs analyses to ensure forces under the command of the Unified CINCs are properly resourced to accomplish their assigned missions.

The Joint Staff took on other significant missions during this period. The Joint Operations Directorate (J-3) was assigned new roles relating to information operations, counter-narcotics, counter-terrorism, and force protection. The Strategic Plans and Policy Directorate (J-5) has undertaken significant new work in the area of arms control, as well as in maintaining unilateral and multilateral military-to-military relationships.

Goldwater-Nichols established a manpower ceiling for the Joint Staff of 1,627, which was validated in a 1988 manpower survey. Despite the validated requirement and the expansion in the activities of the Joint Staff, Table 5 demonstrates that the number of personnel assigned to the Joint Staff has shrunk significantly over the last decade. The table shows significant manpower actions taken, or planned.

TABLE 5. JOINT STAFF PERSONNEL ACTIONS

<u>Year</u>	<u>Action</u>	<u>Strength</u>
1986	Title X ceiling	1,627
1988	Organization and Functions Study Validated (Internal realignment of 36 billets)	1,627
1990-93	OSD 15 percent civilian reduction CJCS 15 percent military reduction	1383
1994	DoD 20 percent reduction	1,330
1995	CORM & JWCA increases	1,362
1997	Counter-Terrorism	1,391
1998-03	DRI reductions	1,275

Unified Combatant Commands

In parallel with the changes being made in the Joint Staff, there were major changes made in the Unified Command Plan. One was the establishment of the U.S. Special Operations Command (SOCOM), created in the late 1980s to focus on new missions. Public Law 99-661, signed by the President on 14 November 1986, mandated appointment of an Assistant Secretary of Defense for Special Operations and Low Intensity Conflict (ASD/SOLIC), as well as the creation of a unified Combatant Command for special operations forces by 15 April 1987. The U.S. Special Operations Command (SOCOM) is responsible for providing a general reserve of combat-ready Special Operations Forces, ensuring proper training, readiness exercises and deployment planning; validating requirements; and establishing priorities for Special Forces and commanding selected missions. The SOCOM commander (CINCSOC) possesses unique authority among the CINCs to oversee promotion, assignment, retention, and professional development of Special Forces. He also has unique responsibilities among CINCs for programming and budgeting, execution authority for programs, and acquisition authority. In certain circumstances, CINCSOC may command special operations.

Two other command revisions have also significantly altered headquarters relationships. U.S. Transportation Command (TRANSCOM) was activated in 1987 and given increased scope and manpower in Fiscal Year 1988, when the Military Airlift Command (now Air Mobility Command), formerly a Specified Command, became a TRANSCOM Component Command.

In 1992, the Strategic Air Command, formerly a Specified Command, was inactivated and replaced by the unified U.S. Strategic Command (STRATCOM). In addition to the Air Force's strategic bombers, tankers, and missiles, STRATCOM was given control of ballistic-missile submarines, with the Navy's Atlantic and Pacific submarine commanders (CINCSUBLANT and CINCSUBPAC) as component commanders. Since Goldwater-Nichols, the organizational trends have been to consolidate and integrate new roles and missions into the Combatant Commands. This paradigm shift, in addition to the expanded responsibilities and tasks levied by the NCA in support of the National Security Strategy to meet a significantly more dynamic and uncertain world, has similarly expanded the workload of the CINCs' staffs.

Other changes that have contributed or will contribute to this phenomenon include:

- The Marshall Center in Europe was transferred to U.S. European Command in 1993.
- The Asia-Pacific Center was transferred to U.S. Pacific Command in 1996.
- Force protection tasks were added to the CINC staffs as a result of the study of the Khobar Towers bombing in 1997.
- Engagement planning was added to the CINCs' tasks in response to the introduction of the "shaping" element into the National Military Strategy in 1997.
- Other changes were brought about by revisions of the unified command plan:
 1. The addition of space planning and operations tasks to the U.S. Space Command's workload in 1997.
 2. The 1998 revision of the Unified Command Plan expanded the European and Central Commands' strategic and policy planning responsibilities to include 11 new independent states of the former Soviet Union.
 3. The addition of responsibility for joint experimentation to U.S. Atlantic Command (USACOM) in 1998
 4. Expansion of USACOM's role to include creation of the Joint Task Force for Civil Support, and re-designation of USACOM as Joint Forces Command in recognition of its new role.

Due to ongoing Component and DoD emphasis on controlling the size of major headquarters activities, in every instance the staffs had to assume additional responsibilities within existing MHA manpower levels.

Summary

There were three principle factors that increased the workload of major headquarters activities in the 1990s and continue to operate today:

- The increase in operational activity has affected the Joint Staff, Service staffs, CINC staffs, and staffs of CINC component commands.
- The expansion of missions and responsibilities: there were two major strategy shifts. The first more fully addressed the complete spectrum of operations; this meant that more attention had to be paid to planning and training for humanitarian assistance, peacekeeping, and other lesser contingencies of all kinds. The second emphasized peacetime engagement, which implies more attention to planning and executing activities like cooperative exercises, exchanges with foreign military organizations, and Partnership for Peace interactions.
- Organizational changes to accommodate changes in the world. Such changes include the increased role of the CJCS and added responsibilities of the Joint Staff, the creation of new unified commands, and changes to the unified command plan that increased the responsibilities of the CINCs.

EFFORTS TO RATIONALIZE AND DOWNSIZE MHA

The Department has undergone significant changes over the last decade, from a defense structure that won the Cold War and Operation Desert Storm to one that is undergoing a transformation necessary to meet the new challenges of the 21st century. The end of the Cold War, the emergence of new security challenges, and a budget reduction of nearly one-third resulting from the pruning of the post-Cold War military structure have required a rethinking of our national military strategy and force structures. They also have required fundamental reforms in how DoD manages and conducts its business affairs. The need to free-up resources to transform our military forces and prepare for the future requires the reduction of overhead, layered organizational structures, and supporting infrastructure that were developed in the course of the Cold War, often through accretion.

The Department has responded to these challenges over the last decade through a series of steps to initiate management process improvements, streamline DoD organizational structures, and thin and flatten out headquarters elements through consolidations and by pushing management operational tasks to the lowest possible levels. Substantial efficiency gains

have been achieved in the support infrastructure. The documented reductions in major headquarters activity personnel during the 1990s have been the result of focused efforts by the leadership of all parts of the Department to manage its affairs more efficiently. Several high-level reviews and initiatives have contributed significantly to this process. Some key examples include:

- Defense Management Review (DMR)
- Base Force
- Bottom Up Review (BUR)
- Commission on Roles and Missions of the Armed Forces (CORM)
- Base Realignment and Closure Commission (BRAC)
- Quadrennial Defense Review (QDR)
- Defense Reform Initiative (DRI).

As a result of these and other efforts, the number of major headquarters personnel fell from 72,775 in Fiscal Year 1989 to 50,991 in Fiscal Year 1999, or by 30 percent, with plans for a further four percentage point reduction by Fiscal Year 2002. This 30 percent reduction compares to a 27 percent reduction in the Department's budget between Fiscal Year 1989 and Fiscal Year 1999, with plans for a modest increase between Fiscal Year 2000 and Fiscal Year 2002.²⁰

The Department's efforts to improve managerial efficiency have often affected major headquarters activity, but MHA reductions usually have not been the explicit goal. Where they have been achieved, it has been as a by-product of overall improvements in efficiency. Conversely, sometimes adoption of innovative practices can *increase* the proportion of personnel devoted to management. Increased emphasis on privatization and contracting supporting services is a case in point.

Early in the decade, DoD began to further consolidate major support functions within Defense Agencies under the aegis of the Defense Management Review. The Military Departments started to reduce their headquarters staffs in the late 1980s and early 1990s as a result of the Goldwater-Nichols Act, which imposed statutory ceilings. A key driver in headquarters staff reductions in the early 1990s was the Fiscal Year 1991

²⁰ Note that all the MHA numbers in this section were derived before the change to DoD Directive 5100.73, and are thus comparable. International headquarters are included in the total. As was noted on pages 4-5, planned reductions through Fiscal Year 2002 would have resulted in total MHA personnel cuts of 34 percent relative to Fiscal Year 1989 levels, and a 26 percent decrease in the DoD budget for that period.

National Defense Authorization Act, which required a 20 percent reduction in management headquarters between Fiscal Year 1991 and Fiscal Year 1995²¹. The review of Military Department headquarters staffs in 1995 and 1996 represented a significant effort by OSD and the Services to streamline and downsize the headquarters staffs.

The Department of Defense has assessed and realigned the roles of, and relationships among, headquarters' staffs in several major functional areas. One is the assessment and consolidation of support activities under the Defense Management Review (DMR). Another is OSD's divestiture of a range of operational or program management activities through the ongoing Defense Reform Initiative.

An underlying principle of the DMR was to reduce costs by streamlining management headquarters organizations and functions, cutting excess infrastructure, eliminating redundant functions, and initiating standard business practices throughout the Department.

The centralization of support activities in Defense Agencies and DoD Field Activities was an outgrowth of application of this principle. Some examples include:

- Establishment of the Defense Finance and Accounting Service to consolidate payroll, payment and collection, and other common financial functions across the four Services and various defense-wide activities.
- Transfer of many of the supply and distribution functions across the Department into the Defense Logistics Agency.
- Consolidation of the four Services' commissary operations under one Defense Commissary Agency.
- Consolidation of contract management activities across the Department under the Defense Logistics Agency's Defense Contract Management Command. The Defense Contract Management Command was then subsequently established as a separate Defense Agency.

Some specifics of the consolidation of support activities in Defense Agencies are addressed after discussion of management initiatives taken by the Services.

Most recently, working through the Defense Reform Initiative, Secretary Cohen implemented his philosophy of focusing OSD on "corporate"

²¹ Section 901, Fiscal Year 1991 NDAA.

functions. OSD thus divested a wide range of activities entailing operations or program management, and pushing these to the lowest appropriate organizational level. As a result of these reforms, OSD has cut its authorized staff from about 3,000 in 1996 to about 2,000 in 1999.

By divesting itself of operational management activities, OSD is also clarifying the roles and responsibilities of headquarters staffs versus operational personnel, and providing managers with the authority to consolidate headquarters functions. One example of this is the delegation of the chemical weapons demilitarization functions from the Office of the Under Secretary of Defense (Acquisition, Technology and Logistics) to the Department of the Army, thus eliminating redundant operational oversight. The following examples further illustrate the kinds of delegations that will reduce OSD's involvement in operational management activities.

- Transfer of the Nuclear Command and Control System function and the resources and support staff from the Office of the Assistant Secretary of Defense (Command, Control, Communications and Intelligence) to the U.S. Strategic Command (USSTRATCOM).
- Transfer of operational management of international security assistance functions to the Defense Security Cooperation Agency (DSCA). This includes the program management and implementation functions of the Humanitarian Assistance and Humanitarian De-mining Programs; the Warsaw Initiative (Partnership for Peace) program management functions; and program management functions for Armaments Cooperation Programs, Export Loan Guarantee Programs, and Foreign Cooperative Testing.
- Transfer of the oversight, control, and management of the day-to-day operations of the Department of Defense Overseas Military Banking Program from the Office of the Under Secretary of Defense (Comptroller) to the Defense Finance and Accounting Service (DFAS). DFAS will also assume day-to-day operational and program management responsibility for the DoD Credit Card Program and the International Merchant Purchase Authorization Card (IMPAC).
- Transfer of the U.S. NATO Advisor administrative and operational support function from the Office of the Under Secretary of Defense (Policy) to the Army. This action transferred a purely administrative and support function from the corporate OSD staff to a lower echelon organization that is better suited to providing this support.

These divestitures significantly reduced OSD involvement in operational matters by delegating responsibility to the Military Departments or Defense Agencies. In many cases, these transfers have allowed the consolidation of parallel headquarters staffs in these areas.

The initiatives outlined have all contributed to reducing redundancies and overlaps in the headquarters functions performed by the OSD, Military Departments, and Defense Agency staffs.

Since the passage of the Goldwater-Nichols Act, the Secretary has initiated management and acquisition reform, established new Agencies and Field Activities, and taken other actions to consolidate, eliminate, and transfer functions of several Agencies and Field Activities. The Secretary continues to streamline organizational structures, eliminate redundancies, reform policy guidance, and adopt modern business practices to ensure an adaptive and responsive supply and Service support capability. The DRI established the Defense Management Council (DMC) to ensure accountability and propel activities DoD-wide to adopt new, innovative, and more efficient ways to accomplish their missions.

All the components of the Defense Department have implemented new strategies, doctrine, and tactics to meet the changing security environment. As part of this process of transformation, they have taken independent actions to further consolidate and rationalize functions in accordance with the reductions in force structure and budgets.

The Office of the Secretary of Defense

The Office of the Secretary of Defense was established to provide the Secretary with a staff that could assist him in carrying out his duties and responsibilities under the National Security Acts of 1947 and 1949. The Secretary's staff has evolved over time in response to various legislative changes, as well as to the managerial styles of successive Secretaries of Defense. As was noted above, over the past decade OSD has narrowed its focus to top-level policymaking and oversight. It has also significantly realigned its personnel to meet emerging challenges by reassigning staffs from Cold War functions. Between Fiscal Year 1989 and Fiscal Year 1999, the size of the OSD staff was reduced from 2,645 to 2,007.

Joint military headquarters

Despite significant increases in the duties and responsibilities of Joint

Military Headquarters, there have been reductions of management headquarters personnel. The Joint Staff had 1,603 personnel involved in major headquarters activities in Fiscal Year 1989. By Fiscal Year 1999, the analogous number was 1,298. This is 80 percent of the size of the Joint Staff headquarters authorized by the Goldwater-Nichols Act.

Similarly, CINC and Combatant Command headquarters, despite drastically increased duties and responsibilities and higher rates of OPTEMPO, have reduced management headquarters staffs from 21,823 in Fiscal Year 1989 to 16,458 in Fiscal Year 1999, a decline of 25 percent.

The Department of the Army

Reductions within the Army have been taken in a series of small steps, reflecting specific Army efforts to increase management efficiency. From the Fiscal Year 1989 to Fiscal Year 1999, total Army headquarters staffs were reduced from 18,788 to 10,474, a total of 44 percent.

One important initiative began with the 1993 Transformation Study, which led to a consolidation of budget functions and information management support services. This initiative decreased Headquarters, Department of the Army (HQDA) manpower as well as staffs in the field operating agencies and the staff support agencies. The HQDA reduction was primarily obtained by consolidating a number of installation management offices into a new office, the Assistant Chief of Staff for Installation Management, and by consolidating several information management offices into an information management support center. Another initiative that contributed to HQDA staff reductions was the Reinventing Government effort. It focused on reducing the cost of government operations, increasing privatization, and improving the processes for determining joint requirements.

The most significant effort to reorganize the Army headquarters began in May 1995 when the Army initiated a Headquarters Redesign Functional Area Analysis (FAA).²² This effort was tied to a January 1995 joint initiative of the Secretary of the Army and the Chief of Staff to redesign the headquarters and functional commands throughout the Army. The FAA proposed several organizational changes that consolidated functions and improved the effectiveness of HQDA staffs. One created a Deputy Under Secretary of the Army for International Affairs, responsible for supporting

²² This FAA is distinct from the Army's 1999 FAA that focused on implementation of the revised Directive 5100.73.

the Secretary and the Chief of Staff in fulfilling their Title 10 and Title 22 responsibilities. This new office allowed the consolidation of several international affairs offices and yielded a 30 percent staff reduction in this area.

The FAA concluded that, while the overall structure of HQDA was sound, there nevertheless was considerable potential for further divestiture of operational and implementation activities. From 1995 to 1998, the Army's Departmental staff was reduced an additional five percent. The FAA also concluded that aggressive staff cuts in direct support agencies and field-operating agencies were possible; it proposed that these organizations be reduced from almost 35,000 to about 17,000. Most staff functions were transferred to other organizations within the Army, but about 6,300 positions were eliminated – a savings of approximately 18 percent. These proposals have subsequently been incorporated in the Army program, and are being implemented.

The Army has made a number of significant changes in its field organizations as a result of the review. These include the following:

- The Army Space and Strategic Defense Command, a field operating agency of HQDA, has been converted to an Army Component Command in support of USSPACECOM.
- The Information Systems Command has been deactivated. Its headquarters has been eliminated and the functions of the Command have been transferred to other organizations. The operational mission has been transferred to U.S. Army Forces Command (FORSCOM), while functional and technical responsibilities have been transferred to the Training and Doctrine Command (TRADOC) and the Army Materiel Command (AMC).
- Two Army test organizations, the development test organization and the operational test organization, have been combined into one organization. Creation of the new Army Test and Evaluation Command (ATEC) consolidated operational oversight of Army test and evaluation functions while saving manpower spaces. Although establishment of ATEC has reduced overall Army manpower requirements and promoted efficiency, redesignation of these disparate functions as MHA has increased the Army's MHA count by 149. The effects of such consolidations argue strongly against superficial analysis of MHA numbers without considering the underlying organizational and operational implications.

The Department of the Navy

Beginning in the early 1990s, the Department of the Navy undertook a significant number of initiatives that would reduce its major headquarters staffing. Total Navy and Marine Corps major headquarters staffing dropped from 15,070 to 10,145 (33 percent) between Fiscal Year 1989 and Fiscal Year 1999.

During the same period, the Chief of Naval Operation's staff reorganized to improve integration across warfare areas and with the Marine Corps in an effort to develop the Department of the Navy program. At the same time, the Marine Corps Commandant's staff completed a similar reorganization. The Department of the Navy also developed an integrated strategic concept for the Navy and Marine Corps, co-locating related Navy and Marine Corps staff elements. In addition, it redesigned the programming process to further integrate the doctrinal foundations of the two Services and the Secretariat.

The civilian personnel management activities throughout the Department of the Navy were also reorganized. For example, the Office of Civilian Personnel Management, which had reported to the Assistant Secretary for Manpower and Reserve Affairs, was abolished. Its functions were largely absorbed by the Human Resources Operations Center (which is, itself, a major headquarters activity).

Additionally, the Navy completed a major review of Secretariat and Service staffs. As a result of this review, the Department of the Navy eliminated, reengineered, or downsized several areas. Significant examples include:

- Information Management. The Department of the Navy abolished the Naval Information Systems Management Center, which reported to the Assistant Secretary for Research, Development, and Acquisition.
- International Acquisition Programs: Reorganization of management of foreign military sales and related programs reduced the number of these billets involved in major headquarters activities.
- Audits: From Fiscal Year 1995 to Fiscal Year 1998, the Naval Audit Service reduced the size of its staff by 13 percent. The Naval Audit Service is undergoing organizational restructuring and improving its business processes to become more efficient and effective and to operate within a more austere budget. The

restructuring initiative achieves savings by consolidating offices and functions, reducing administrative support staff, and reallocating resources from non-audit work to the direct audit function.

- Criminal Investigation: The Naval Criminal Investigative Service (NCIS), the largest field activity of the Navy Secretariat, has undertaken a thorough review of its operations and taken advantage of numerous opportunities for achieving efficiencies. Examples include:
 - Integration of operations with those of the Marine Corps Criminal Division, saving staff and operating expenses for both organizations.
 - Streamlining adjudication operations, thereby reducing staffing by 15 percent.
 - Partnering with counterparts in the other Military Departments to share office space and support services.

In aggregate, staff reductions of eight percent were realized between Fiscal Years 1995 and 1998.

These actions have allowed NCIS to respond to operational demands while reducing personnel and other costs of operations.

The Department of the Air Force

The Air Force aggressively restructured its forces and headquarters in the early 1990s. Between Fiscal Year 1989 and Fiscal Year 1995, it reduced Departmental and other headquarters staffs from 20,379 to 14,444 (29 percent). Thus, it entered the 1995-96 headquarters review confident that it had established the right overall structure. While retaining this same structure, the Air Force nevertheless re-examined staffing and committed to an additional 10 percent reduction in its headquarters personnel. By Fiscal Year 1999, the Air Force's MHA staffing level was reduced to 12,530, an overall reduction of 39 percent since Fiscal Year 1989.

The goal of the Air Force realignment of forces and organizations over the last decade has been to better meet the needs of combatant commanders and to improve the effectiveness of the Service, while reducing the size of both its force and management headquarters. These organizational shifts were made in light of changes in national policy, strategy, and operational activity. In addition, the allocation of fewer resources to the Services

during this period, along with the application of lessons learned from the Gulf War in early 1991, were factors in motivating the Air Force to reorganize.

Three restructurings were implemented in the 1990s: the first in 1991-1993, the second in 1996, and the third in 1997-1998. The 1991 restructuring was the most far-reaching, designed to meet the needs of the Air Forces employment doctrine (Global Reach – Global Power). It was intended to prepare the Air Force to engage multiple smaller adversaries while simultaneously supporting diverse tasks worldwide. The Air Force restructuring was also an opportunity to capitalize on advancements in communications and technology and to flatten its organizational structures to improve operational effectiveness and the agility of Air Force organizations. Organizations at every echelon of management and operations were restructured, from headquarters down to and including operational wings and squadrons. The consolidation resulted in:

- Reducing 13 Air Force major commands to nine. The restructuring of major commands has resulted in approximately 32 percent fewer management headquarters personnel, with a further reduction of nine percent by Fiscal Year 2003.
- Eliminating 21 Air Divisions as intermediate headquarters.
- Establishing three additional Numbered Air Forces, bringing the total to 16. To keep headquarters staffs from growing, the staff size of each Numbered Air Force was capped at 99, and their mission focus was tightened.

A transfer of manpower from Air Force Field Operating Agencies (FOAs) and Direct Reporting Units (DRUs) to the Air Staff and Secretariat significantly affected the reduction of Air Force Departmental staffs in the early 1990s. In 1991, the Chief of Staff directed a “truth in advertising” campaign to accurately establish a true Air Force Departmental Headquarters manpower baseline. All policy, planning, and programming positions in field units were added to the Air Staff and Secretariat manpower baseline – an increase of 529 positions. The Air Staff and Secretariat were then restructured and reduced, starting from this new, higher baseline.²³

²³ Because transfers to headquarters and cuts taken from headquarters staffs were made within a single Fiscal Year, these changes were reflected in internal manpower documents but were not captured in the headquarters data reported to OSD and Congress. The Chief of Staff did brief this reorganization to Congress, however.

In its 1995-96 headquarters staff review, the Air Force re-examined the roles of each echelon: the Secretariat in policy, oversight, and civilian control of the military; and the Air Staff in providing the Chief of Staff with military advice in his capacity as a member of the Joint Chiefs of Staff. This review prompted some additional initiatives to strengthen coordination between the Secretariat and the Air Staff. One such action improved the existing programming and budgeting process by adopting integrated product teams. Another introduced common staff meetings to coordinate activities and issues between the Air Staff and the Secretariat.

The Air Force has continued to realign its headquarters staffs as needed to improve effectiveness. The changes made since the 1995-96 headquarters staff review have focused mainly on improving the effectiveness of the Air Staff in operational matters. In 1996, one key staff organization was reorganized and a new one created. The Deputy Chief of Staff for Operations was reorganized to include most of the functions needed to manage support of operational forces. The Deputy Chief of Staff for Plans and Programs was added, thereby centralizing heretofore diffuse Air Force-wide programming and planning functions, including an office that has responsibility for long-range planning. Finally, several scattered elements responsible for nuclear and counter-proliferation matters were moved into a single directorate.

The Air Force also implemented several functional consolidations to streamline operational processes and simplify reporting channels. It consolidated military and civilian force management under the Air Force Personnel Center (AFPC) at Randolph AFB, Texas. This consolidation provides an effective approach for managing the combined work force. In 1997, the Air Staff consolidated responsibility for Installations and Logistics under one Deputy Chief of Staff by bringing the Air Force's Civil Engineer – who has responsibility for managing installations and the environment – under the Deputy Chief of Staff for Installations and Logistics.

Subsequent restructuring was accomplished in 1997-98, as the Air Force reoriented its concept of operations to better support the national policy of Global Engagement, to reinforce the importance of operations in space and joint operations, and to strengthen coordination of operational units and force protection elements. The 1997-98 restructuring also clarified and realigned the roles and responsibilities of the Assistant Secretary for Space regarding Acquisition matters, and redesignated the Air Staff's Deputy Chief of Staff for Operations (AF/XO) as the Deputy Chief of Staff for Air

and Space Operations. Two small, subordinate staff elements within AF/XO were created to improve support for Global Engagement policy. The first, the Expeditionary Aerospace Force Implementation Directorate, was an integral part of the Air and Space Operations Deputate; this directorate was planned to have a short life and was dissolved on 1 October 2000. The second, a Security Forces Directorate, is intended to improve coordination between operational units and their force protection elements.

Finally, the Air Force's most recent organizational review began in May 1999, when it initiated a major program to streamline the structures of its FOAs and DRUs. The guiding principle of this program was to assure that FOAs and DRUs perform largely operational functions (as opposed to major headquarters functions). Those with a majority of major headquarters activity are to be reconfigured as part of the next highest MHA they report to. Four FOAs that report to Air Force Headquarters have been disestablished. The inactivation of an additional 13 FOAs that report to major commands is planned.

Defense agencies

As was noted above, the aggressive consolidation of common DoD-wide support functions and services into the Defense Agencies over the last decade was a key component of the Department's efforts to reduce management redundancies and improve operational efficiency. Since the early 1990's, the Defense Agencies have assumed new missions, responsibilities, and functions, including many of the common supply and services functions once performed separately by each of the military Services. Through the workforce consolidations and personnel transfers associated with these changes, non-intelligence agencies' total personnel grew by nearly 30 percent over the same decade, but their management headquarters personnel fell from 4,533 to 3,779 (17 percent) between Fiscal Year 1989 and Fiscal Year 1999.²⁴ Some examples of aggressive consolidation follow:

- In 1991, Defense Management Report Decision (DMRD) 910 directed the consolidation of DoD accounting and finance functions under DFAS. DFAS has policy responsibility for the DoD Financial Management Regulation, as well as for day-to-day financial operations. By standardizing systems, consolidating finance and accounting

²⁴ In addition to intelligence activities, this calculation omits DISA from the Defense Agency totals. Of course, the data used in the calculation are based on the pre-revision version of DoD Directive 5100.73.

operating locations, and implementing more modern technologies, DFAS has significantly reduced the cost of finance and accounting services, while improving responsiveness and quality. Since this consolidation, DFAS has standardized systems for payroll and debt management, eliminating 215 separate DoD accounting systems. DFAS personnel have been reduced by over 35 percent, from 31,000 in Fiscal Year 1992 to 20,000 in Fiscal Year 1998. Further reductions to 17,500 by Fiscal Year 2003 are planned. Although the efficiencies of this consolidation come mainly at the working level, there have been savings in headquarters as well. These result from the centralization of policy and from increased standardization and uniformity.

- In Fiscal Year 1992, the Defense Commissary Agency (DeCA) combined the four separate military commissary systems, thus reducing redundant support functions and achieving economies of scale available to large grocery chains. The creation of DeCA also allowed for the consolidation of Service commissary management headquarters personnel, reducing management headquarters staffs for commissaries by approximately 70 percent (to a level of 370). DeCA has also consolidated support functions (e.g. bill paying, contracting and ADP services, and distribution) and incorporated modern commercial business practices such as centralized procurement, just-in-time inventory, regional sales planning, and electronic commerce.
- Increasing centralization of support services in the Defense Logistics Agency (DLA) has led to substantial gains in efficiency. DMRD 902 directed DLA to assume responsibility for all of the Services' materiel distribution functions beginning in 1990. The consolidation of all of the Department's 30 supply and distribution depots under a single manager began in April 1990 and was completed in March 1992. The consolidation resulted in the transfer of over 16,000 personnel to DLA from the Services, with no increase in management headquarters personnel in DLA. Since the consolidation, the DLA has reduced the number of supply and distribution depots from 30 to 22.

DMRD 926 also directed the consolidation of inventory control points (ICPs) and the transfer of over 980,000 consumable items and associated cataloging tasks from the Services to DLA. The transfer of the additional consumable items from the Military Departments to DLA was completed in 1994, which allowed the required consolidation of ICPs and management headquarters functions. The Army reduced the number of ICPs from six to two because of the reduced workload. The

Air Force reduced ICPs from five to four, and the Navy consolidated all of its cataloging activities into two ICPs. These consolidations eliminated redundant functions and excess infrastructure, reduced management headquarters functions and initiated common business processes that reduce operating costs and improve the responsiveness of agencies' provision of supplies and services. The DLA now manages nearly 93 percent of total DoD consumable items.

TRENDS IN MHA WORKLOADS

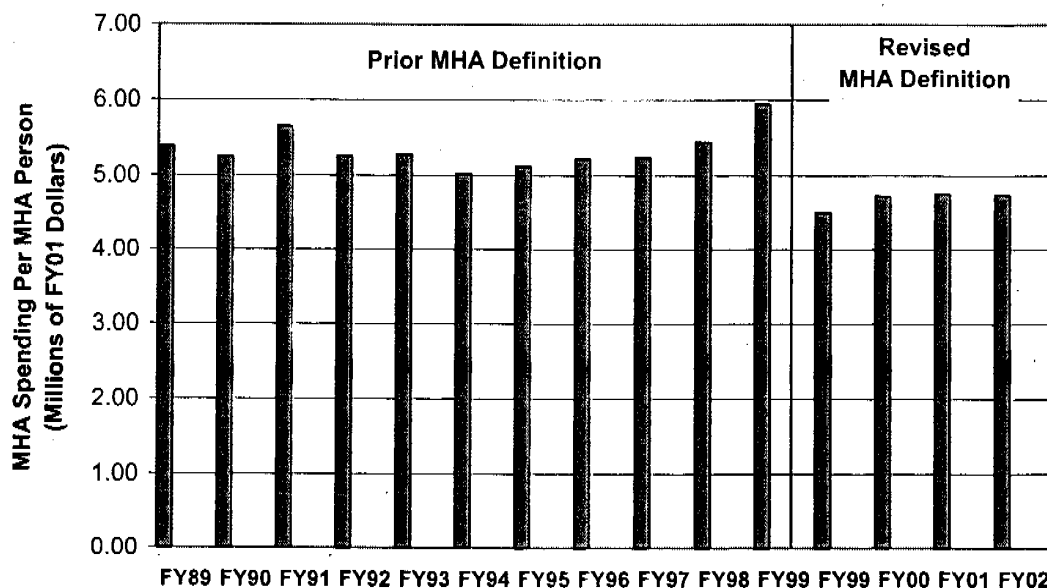
Major headquarters activities are carried out to support the policymaking and higher management requirements of the Department of Defense. They are not unproductive overhead. It is impossible to measure these requirements precisely, but they can roughly be indicated by the size of the Department's budget. When there is more activity to be overseen, oversight is likely to require more resources.

One might think that the relationship between MHA requirements and DoD activity is relatively inelastic. That is, when the Department's budget falls by 10 percent the scope of required management activity might fall by less because of certain fixed needs in the areas of policymaking and management. In other words, as the size of DoD fell during the 90s, one might have expected MHA to have fallen also, but probably by a smaller percentage. Let us turn to the facts. The focus will be on trends in budgetary authority per MHA person, a measure of the workload faced by major headquarters personnel.

Between Fiscal Year 1989 and Fiscal Year 1994, Figure 2 shows that the DoD budgetary authority per MHA person did fall, from \$5.4 million to just over \$5 million (in constant Fiscal Year 2001 dollars). After that, as DoD adjusted to the smaller size of the Department and instituted more efficiencies, the trend changed. Between Fiscal Year 1994 and Fiscal Year 1999, workload per MHA person rose by 12 percent, to \$5.6 million, a level 4.4 percent above that of Fiscal Year 1989.²⁵ Between Fiscal Year 1999 and Fiscal Year 2002, using the revised MHA definition, the workload of the typical MHA person is expected to rise an additional 5.4 percent.

²⁵ The MHA data used in this calculation in the figure reflect the definition of MHA in effect before the revision to Directive 5100.73. Data reflecting the revised definition are not available for the period from Fiscal Year 1989 to Fiscal Year 1998.

These findings are entirely consistent with the earlier observations that the management workload has increased while rigorous efforts have been made throughout the Department to reduce the staffing of major headquarters activities wherever possible.



**Figure 2. Workload Per MHA Person, DoD-wide
(Fiscal Year 1989 – Fiscal Year 2002)**

POTENTIAL IMPACT OF ADDITIONAL MHA PERSONNEL REDUCTIONS

As was noted above, the Fiscal Year 2000 National Defense Authorization Act (NDAA) required a 15 percent reduction in MHA personnel from Fiscal Year 1999 levels by the end of Fiscal Year 2002. Should the Secretary of Defense choose to exercise the waiver authority granted in the Fiscal Year 2001 Act, these reductions could be revised to 7.5 percent. As previously noted, the Department's current program cuts MHA from 63,786 in Fiscal Year 1999 to 61,119 in Fiscal Year 2002, a 4.2 percent reduction.

Table 6 shows that achieving a 15 percent reduction (to 54,218) would require cuts of an additional 6,901 MHA positions beyond current plans. Meeting the 7.5 percent revised requirement would necessitate additional reductions of 2,117 MHA staff (to 59,002).

TABLE 6. IMPLICATIONS OF ADDITIONAL REDUCTIONS

	FY99	FY00	FY01	FY02
Baseline/Current Program	63,786	61,962	61,558	61,119
% Reduction		-2.9%	-3.5%	-4.2%
15% Reduction Targets		60,597	57,407	54,218
Additional Cuts Required		1,365	4,151	6,901
7.5% Reduction Targets		none specified		59,002
Additional Cuts Required				2,117

CONCLUSIONS

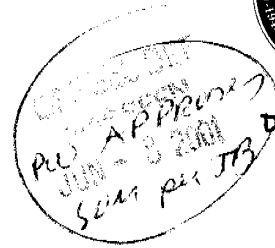
- The Department of Defense fully supports complete and accurate reporting of the number of personnel engaged in major headquarters activity. The revised DoD Directive 5100.73 provides the basis for improving accountability. The Department has placed considerable emphasis on full and consistent implementation of the revised Directive, and will continue to do so.
- The MHA baseline, as of 1 October 1999, is 63,786. It is based on the definitions embodied in revised DoD Directive 5100.73, and represents an increase of 15,537 from the number based on definitions in the prior version of the Directive. This increase is purely definitional. It does not reflect an actual increase in major headquarters activity.
- Continuing minor modifications can be expected in MHA data. This will reflect increasing experience with the new definition of major headquarters activity and the provision of additional guidance to organizations within DoD. All changes will be reported, with justification to the Congress.
- Throughout the Defense drawdown, the number of the Department's MHA personnel has declined in proportion to the reductions in the Defense budget. Between Fiscal Year 1989 and Fiscal Year 1999 MHA personnel fell by 30 percent. By contrast, the DoD budget declined 27 percent in constant dollars. Further reductions of 4.7 percent are expected between Fiscal Year 1999 and Fiscal Year 2003, despite the fact that the Department's budget

is no longer declining. Another way of expressing this is that the workload facing a typical MHA person is expected to rise by 5.4 percent between Fiscal Year 1999 and Fiscal Year 2003. This reflects on-going efforts to improve the efficiency of departmental operations in all areas.

- Not all improvements in managerial efficiency necessarily dictate reduced major headquarters activity.
- A substantial and increased proportion of the Department's major headquarters activity involves command and control of combat forces.
- Cutting MHA personnel by 15 percent as mandated by the Fiscal Year 2000 National Defense Authorization Act would necessitate additional cuts of 6,901 by the end of Fiscal Year 2002. Meeting the revised reductions of 7.5 percent permitted by the Fiscal Year 2001 Act would require additional cuts of 2,117 personnel.



OFFICE OF THE SECRETARY OF DEFENSE
1800 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-1800



6/6

MEMORANDUM FOR SECRETARY OF DEFENSE
DEPUTY SECRETARY OF DEFENSE

FROM: BARRY D. WATTS *Barry Watts* May 01
DIRECTOR, PROGRAM ANALYSIS AND EVALUATION
Prepared by: David L. McNicol, DD(RA), OSD/PA&E, (703) 695-0721

AS
5/3/01

SUBJECT: Report to Congress on Major Headquarters Activities (MHA) - ACTION
MEMORANDUM

PURPOSE: To submit the report on Major Headquarters Activities (MHA) to the Senate
and House Armed Services Committees

- ◆ The FY 2000 National Defense Authorization Act (NDAA) established a permanent statutory limitation on MHA personnel
- ◆ The Act also required the Department to submit a report on MHA to the House and Senate Armed Services Committees by October 1, 2000
 - The report was delayed because an intra-Departmental Working Group has been developing consistent input to ensure accurate numbers
 - This required additional time, but has increased our confidence in the results.
- ◆ The report is directed to cover three subjects:
 - The Secretary's assessment of the manner in which major headquarters activities are specified in Title 10, United States Code
 - The FY 1999 baseline number of MHA personnel for the purposes of directing reductions from that baseline
 - The effect of mandated reductions on the Department's headquarters activities.
- ◆ Currently-programmed MHA levels exceed the ceilings imposed by law
 - An additional 6,896 MHA positions would have to be eliminated by the end of FY 2002 to achieve the 15 percent reduction mandated in the FY 2000 NDAA
 - The FY 2001 NDAA permits you to reduce this percentage to 7.5 percent; an additional 2,114 MHA positions would have to be eliminated by the end of FY 2002 to achieve that reduction



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- No process is in place to determine how those cuts would be made
 - In the next few months, we will need to discuss with you the strategy you wish to pursue regarding MHA staff size.
- ◆ Attached are cover letters to the Chairmen of the Senate and House Armed Services Committees, forwarding the report
- Instead of commenting on the Department's ability to achieve particular numerical targets, the letters pledge a "forward-leaning" review of the requisite MHA staff to support the Department's missions and an examination of the resources required to support MHA functions.

RECOMMENDATION: That you sign the attached letters forwarding the report.

SECDEF DECISION

APPROVED: _____

DISAPPROVED: _____

OTHER: _____

Attachments (next under)

April 24, 2001

TO: SECRETARY OF DEFENSE
DEPUTY SECRETARY OF DEFENSE

FROM: ROBERT R. SOULE

SUBJECT: REPORT TO CONGRESS ON MAJOR HEADQUARTERS
ACTIVITIES (MHA)

TAB A: Letter to the Chairmen of the Senate Armed Services Committee

TAB B: Letter to the Chairman of the House Armed Services Committee

TAB C: Report to Congress on Major Headquarters Activities (MHA)

TAB D: Coordinations

U08159 /01



PROGRAM ANALYSIS
AND EVALUATION

OFFICE OF THE SECRETARY OF DEFENSE
1800 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-1800

April 4, 2001



MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (PERSONNEL AND
READINESS)
SPECIAL ASSISTANT TO THE SECRETARY OF DEFENSE
(LEGISLATIVE MATTERS)
ACTING GENERAL COUNSEL OF THE DEPARTMENT OF
DEFENSE
DIRECTOR, ADMINISTRATION & MANAGEMENT
DIRECTOR, JOINT STAFF

SUBJECT: Package forwarding Major Headquarters Activity (MHA) report to the Congress – ACTION
MEMORANDUM

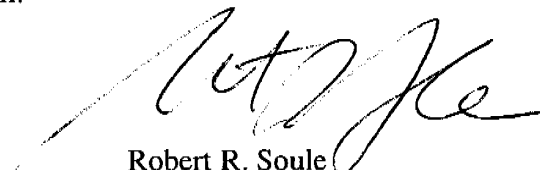
The attached package contains a memorandum, cover letters, and a report to the Senate and House Armed Services Committees on Major Headquarters Activity (MHA).

- Tab A provides a memorandum from the Director, Program Analysis and Evaluation (PA&E) to the Secretary of Defense requesting his signature on cover letters for the MHA report.


- Tabs B and C provide letters to the Chairmen of the Senate and House Armed Services Committees, respectively, forwarding the report and pledging a Departmental review of MHA personnel and resource requirements.

- Tab D provides the report, as required by Section 921(b) of the FY 2000 National Defense Authorization Act (NDAA). It notes that an additional 6,646 positions would have to be eliminated to achieve the 15 percent reduction in MHA personnel mandated in the FY 2000 NDAA. Should the Secretary exercise the waiver authority included in the FY 2001 NDAA, achieving the revised reduction of 7.5 percent would necessitate eliminating 1,863 MHA positions beyond currently-programmed cuts by the end of FY 2002.

Please furnish your coordination by COB April 12, 2001, by signing off in the space below. If you have questions, please contact Maren Leed on (703) 692-8045, or send an e-mail to Maren.Leed@osd.pentagon.mil.


Robert R. Soule
Director

Attachments

Signature: 

Date: 11 Apr 01



P 2001-01



**THE JOINT STAFF
WASHINGTON, DC**

Reply ZIP Code:
20318-0300

DJSM-0299-01
19 April 2001

**MEMORANDUM FOR THE DIRECTOR, PROGRAM ANALYSIS AND
EVALUATION**

**Subject: Package Forwarding Major Headquarters Activity (MHA) Report to
Congress - Action Memorandum**

1. Thank you for the opportunity to review¹ the proposed MHA report. Our recommended changes are enclosed.
2. The Goldwater-Nichols Act has significantly increased the joint responsibilities of the Chairman, Joint Staff, and the combatant commanders. In turn, several mission areas have increased to include counterdrug, theater engagement, force protection, missile defense, computer network defense, and the ongoing development of joint warfare concepts, capabilities, and doctrine.
3. We appreciate your continued support for the repeal of any further headquarters reductions. Taking additional cuts will impede our ability to provide effective management and oversight of readiness, force development and operations at the Joint Staff and combatant commands.
4. The Joint Staff point of contact is Major Matt Cornell, J-1/JMD, 614-6475.

A handwritten signature in black ink, appearing to read "S. A. Fry", is located below the list of points.

S. A. FRY
Vice Admiral, U.S. Navy
Director, Joint Staff

Enclosure

Reference:

1 Dir(PA&E) memorandum, 4 April 2001, "Package Forwarding Major Headquarters Activity (MHA) Report to Congress – ACTION MEMORANDUM"
ENCLOSURE

Request the following changes be made to the proposed MHA report.

a. Page 15, paragraph 3, 3d line. Change as follows: ". . . in ~~January 2000~~
June 1999 to review" ✓

REASON: J-1 Manpower Conference was held in June 1999 to review impacts of new MHA directive. Results of HQ rebaselining effort were briefed at the subsequent J-1 Conference held in January 2000.

b. Page 16, bullet 2. Change as follows: ". . . e.g., NATO, NORAD, UN Command/Combined Forces Command, etc., are excluded" ✓

REASON: Adding UN Command/Combined Forces Command adds clarity to examples of international headquarters excluded.

c. Page 30, paragraph 2, all. Delete entire paragraph. ✓

REASON: Paragraph duplicates first half of preceding paragraph, beginning on page 29.

Enclosure



PROGRAM ANALYSIS
AND EVALUATION

OFFICE OF THE SECRETARY OF DEFENSE
1800 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-1800



April 4, 2001

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (PERSONNEL AND
READINESS)
SPECIAL ASSISTANT TO THE SECRETARY OF DEFENSE
(LEGISLATIVE MATTERS)
ACTING GENERAL COUNSEL OF THE DEPARTMENT OF
DEFENSE
DIRECTOR, ADMINISTRATION & MANAGEMENT
DIRECTOR, JOINT STAFF

SUBJECT: Package forwarding Major Headquarters Activity (MHA) report to the Congress – ACTION
MEMORANDUM

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Please furnish your coordination by COB April 12, 2001, by signing off in the space below. If you have questions, please contact Maren Leed on (703) 692-8045, or send an e-mail to Maren.Leed@osd.pentagon.mil.


Robert R. Soule
Director

Attachments

Signature: DoDGC DDD as revised 4/12/01

Date: _____





PROGRAM ANALYSIS
AND EVALUATION

OFFICE OF THE SECRETARY OF DEFENSE
1800 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-1800



April 4, 2001

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (PERSONNEL AND
READINESS)
SPECIAL ASSISTANT TO THE SECRETARY OF DEFENSE
(LEGISLATIVE MATTERS)
ACTING GENERAL COUNSEL OF THE DEPARTMENT OF
DEFENSE
DIRECTOR, ADMINISTRATION & MANAGEMENT
DIRECTOR, JOINT STAFF

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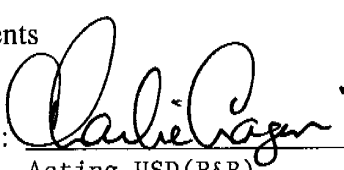
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Maren.Leed@osd.pentagon.mil.


Robert R. Soule
Director

Attachments

Signature: 

Acting USD (P&R)

Date:

7.13.01



OSD Legislative Affairs
Correspondence Control Cover Sheet

Document Number: 88 Classified Coordination ☒

Date of Correspondence 04-Apr-01 Assigned Due Date 06-Apr-01 Date Received 05-Apr-01

Subject: Package forwarding Major Headquarters Activity (MHA) report to the congress

CCD Control Number: Member of Congress: Warner John

Originating Agency: Program Analysis

Agency POC: Maren Leed

Agency POC Telephone: 692-8045

Routing List:

Action Officer King, Greg (LTC)

Greg King w/minor changes
Concur Non-Concur Date: 4/5/01

Comments:

DASD: House Director

Don Curry
COL, JA
Concur / Non-Concur Date: _____

Comments:

SA for LA:

White
Concur / Non-Concur Date: 4/6/01

Comments:



Needs new close, provided

- Minor word changes are annotated - Re-do for Rep Sec

Laery - FYI: this report was due per '00 NDAA on 1 OCT 2000. Issue has been contentious, especially with the House/HASC (then Chairman Spence who believes we have thumbed our nose at following the law). Senate/SASC has tried to help. Next big issue is whether SecDef will exercise waiver authority of bill.

Picked up by: Roxanne M. Caulder
(PRINT NAME)
Roxanne Caulder
(SIGNATURE)

B

Leed, Maren R., CIV, OSD/PA&E

From: Leed, Maren R., CIV, OSD/PA&E
Sent: Monday, April 16, 2001 12:37 PM
To: King, Greg, LTC, OSD-LA
Cc: Curry, Don, COL, OSD-LA; Walsh, Richard, CAPT, OSD-LA
Subject: FW: MHA Report -- ACTION ITEM

*OK per
attached
4/19/01*

LTC King,

I received your office's coordination on Doc. # 88, "Package forwarding Major Headquarters Activity (MHA) report to the congress." All of your proposed changes are fine with us, with one exception. You requested that we replace the paragraph below in the letter to the Congressional Committee Chairs. We had written "Over the coming months, I intend to examine the number of personnel required to maintain military effectiveness, and to perform other essential tasks assigned to headquarters personnel. I will also explore the full range of options that would allow the Department to minimize the resources devoted to headquarters activities. I will report my findings to you as they become available."

You proposed (my counter-proposal is in blue):

"As you know, I am conducting reviews across a broad range of issues. A principal objective of these studies is to improve the tooth-to-tail ratio, in part by reducing the number of support personnel (you had "non-warfighters") in the Department. With the assistance of the committee, we are hopeful future budgets ("reports") will reflect such changes ("that")."

With your agreement, I'd like to make the changes in blue. The change in language about "non-warfighters in the Department" is because one of the major points the Department has been trying to make for a while is that a significant number of HQ staff ARE warfighters -- the C2 staffs at the combatant commands, in particular. So we don't want to reinforce the mis-impression that MHA personnel are all managers and "non-warfighters." Second, I am concerned about the reference to future reports -- there aren't any standing reporting requirements once we turn this one in, and we don't want to invite additional ones. I therefore propose "budget", each of which includes the PB-22 MHA manpower displays, rather than report.

Please let me know as soon as possible if these changes are acceptable to you. Thanks very much for help,

Maren Leed
OSD/PA&E
(703) 692-8045

Leed, Maren R., CIV, OSD/PA&E

From: King, Greg, LTC, OSD-LA
Sent: Thursday, April 19, 2001 2:05 PM
To: Leed, Maren R., CIV, OSD/PA&E
Subject: RE: MHA Report

Maren,

I am sorry, I thought Don Curry had answered your question. He is the one who we think had concerns. Your revised words are fine according to Don.

We concur.

Greg King
OSD LA

-----Original Message-----

From: Leed, Maren R., CIV, OSD/PA&E
Sent: Thursday, April 19, 2001 1:50 PM
To: King, Greg, LTC, OSD-LA
Subject: MHA Report

LTC King,

Just wanted to check in about whether the alternative language I proposed to you for the cover letters for the Major Headquarters Activity report is acceptable. Can you please let me know? Thanks much,

Maren Leed
692-8045

CORRESPONDENCE CONTROL WORKSHEET

DOR 4/25/2001

OSD CONTROL U08159-01

28
061201

CONTROLLED ITEM:

ORIG 2 RCY(S) PG(S) 1 CY NO THRU OF CYS, ENCL(S) 1

COVER MEMO:

ORIG 1 RCY(S) PG(S) 2 CY NO THRU OF CYS, ENCL(S)

REPLY TO:

INTERIM REPLY TO:

DESTRUCTION:

Signature: O

PAR:

FILE NUMBER:

020 D011

ACTION:

FOR:

SUSPENSE DATE:

COORD:

COMMENTS:

<u>OFFICE</u>	<u>COPIES</u>
ADC	RWI OCM
PAE	R RCM
UPR	R
LA	R
GC	R
ADM	R
DJS	R
ADD	OWI(2)
CC	RWI(2)
SGN	R